



BILL NO: House Bill 300 – Cross over
TITLE: State Government - Grants and Contracts - Reimbursement of Indirect Costs
COMMITTEE: Budget and Taxation
HEARING DATE: March 26, 2025
POSITION: **SUPPORT**

The Maryland Network Against Domestic Violence (MNADV) is the state domestic violence coalition that brings together victim service providers, allied professionals, and concerned individuals for the common purpose of reducing intimate partner and family violence and its harmful effects on our citizens. **MNADV urges the COMMITTEE to favorably Report on HB300 amended to match SB 127 as amended.**

House Bill 300 would raise Maryland’s minimum rate from 10% to “the de minimis rate established in Subpart E of OMB Uniform Guidance”, now 15%, and Maryland’s rate will be automatically tied to any future OMB increases. This provision remains the same in both HB 300 and SB 127.

This change should be adopted for several reasons. First, one of the reasons Maryland adopted its current minimum indirect rate was to help simplify the state grant process by aligning to the same standard agencies were required to follow with most federally funded agreements - so matching the new federal standard is simply a commonsense update. Second, by using the standard ‘as set by’ OMB, instead of again adopting just the current 15% rate, these bills assure that future changes in federal regulations don’t require continuous legislative actions. In 2020 the Legislature created the MD Efficient Grant Application (MEGA) Council to work on establishing a standardized grants process for the state, to be consistent with the OMB Uniform Guidance.

And third, *most importantly*, the current 10% rate is widely acknowledged to be not only inadequate but a contributing factor to the “starvation cycle” that destabilizes nonprofit providers. Since the 10% rate was set nonprofits have suffered through the pandemic and many have seen charitable contributions decline in real terms. Anecdotally, more and more grant funders refuse to pay any overhead at all, in the face of increasing the difficulty of grant reporting.

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Past studies by the U.S. Government Accountability Office found that underfunding providers negatively impacts the quality of their services and financial sustainability. Now the people and communities these organizations serve, on behalf of government, face the threat of limitations or cutbacks in both state and federal support –that will only increase demands for their services.

We defer to the Maryland Association of Nonprofit Organizations as to SB 127 being the better choice as between HB 300 and SB 127.

For the above stated reasons, the **Maryland Network Against Domestic Violence urges a favorable report on HB300 amended to conform to SB 127 as amended.**