



Maryland Community Health System

Committee: House Health and Government Operations Committee

Bill Number: Senate Bill 127 – State Government – Grants and Contracts – Reimbursement of Indirect Costs

Hearing Date: February 4, 2025

Position: Support

The Maryland Community Health System (MCHS) supports *Senate Bill 127 - State Government - Grants and Contracts - Reimbursement of Indirect Costs*. The legislation aligns the State's de minimis rate with the federal rate for contracts and grants with nonprofit organizations. The de minimis rate determines coverage of indirect costs. At the federal level, the rate is set by the Office of Budget and Management (OMB).

Maryland Community Health System (MCHS) is a network of federally qualified health centers that serve underserved communities in urban, suburban, and rural areas across Maryland. As nonprofit organizations, we receive grants from State government. The de minimis rate in statute should be raised to reflect the average indirect cost rate of the cost of administering a grant. The legislation poses a thoughtful solution. By indexing our State de minimis rate to the federal Office of Budget and Management (OMB), the legislation aligns the de minimis rates for both state and federal grants. We understand that OMB is considering raising the de minimis rate to 15%.

We ask for a favorable report on this legislation. If we can answer any questions, please contact Robyn Elliott at relliott@policypartners.net.