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Walter L. Simmons, President

Bill Number: House Bill 300
Title: State Government – Grants and Contracts – Reimbursement of Indirect Costs
Committee: Health and Government Operations
Hearing Date: February 4, 2025
Position: FAVORABLE

Employ Prince George's, Inc. ("EPG") is a nonprofit organization that serves as the principal workforce development entity for Prince George's County and is responsible for regulating policy development and the administration of workforce activities related to services and programs funded by the federal Workforce Innovation & Opportunity Act (WIOA).

EPG partners with the state, local government agencies, and community organizations to implement workforce programs that uplift underserved populations and drive economic growth. Our work is made possible through a combination of public and private funding, including critical state grants that help us deliver high-quality services.

However, the existing 10% cap on indirect costs presents a persistent challenge for workforce development providers, nonprofits, and service organizations throughout Maryland. Indirect costs encompass essential operational expenses such as rent, utilities, administrative support, technology, and compliance reporting—costs that are necessary to successfully administer programs but are often underfunded due to restrictive cost limitations.

By increasing the allowable minimum indirect cost rate to 15%, HB 300 would:

Improve Organizational Stability – Ensuring that nonprofits and workforce providers can adequately cover administrative and operational expenses will enhance their financial stability, allowing them to focus on delivering high-quality services rather than struggling to subsidize overhead costs.

Promote Equity in Funding – Aligning Maryland's indirect costs rate with the federal standard creates consistency across funding streams, reducing administrative burdens for organizations managing both federal and state grants and leveling the playing field for local entities competing for funding.

Enhance Service Delivery – With appropriate indirect cost coverage, service providers can allocate more resources to frontline programs, expand their reach, and improve outcomes for Marylanders seeking workforce training, education, and other critical services.

This adjustment is a necessary step toward strengthening the sustainability and effectiveness of service providers across the state, ultimately benefiting the individuals and families who rely on these programs to improve their economic mobility. For these reasons, EPG respectfully urges the committee to report favorably on HB 300.