

February 4, 2025

Chair Pena Melnyk, Vice Chair Cullison, and distinguished members of the Health and Government Operations Committee,

The National Alliance on Mental Illness (NAMI)-Maryland respectfully requests a favorable report on HB300.

NAMI Maryland and our 11 local affiliates across the state represent a statewide network of more than 58,000 families, individuals, community-based organizations, and service providers. NAMI Maryland is a non-profit that is dedicated to providing education, support, and advocacy for persons with mental illnesses, their families and the wider community.

We rely on grant funding to keep our programming free to the public. Last year, the federal Office of Management and Budget (OMB) revised its Uniform Guidance, increasing the *de minimis* indirect cost reimbursement rate from 10% to 15%. This adjustment provides federal contractors a more reasonable recovery of indirect costs. Mirroring that rate increase for entities who contract with the state would relieve some of the financial pressure that small nonprofit organizations like ours face in delivering our programs and services. HB300 would do just that—align Maryland’s minimum indirect cost rate from 10% to the 15%. This change would align Maryland with federal standards, streamlining the process. Furthermore, 501(c)(3) nonprofits like NAMI Maryland rely on the indirect costs in every grant budget to ensure we have the organizational structure in place to fulfill obligations under our contracts. This bill also ensures that any future increases in indirect cost reimbursement rate at the federal level will automatically apply in Maryland without the need for constant legislative updates.

Finally, it is widely recognized that the 10% indirect cost reimbursement rate is insufficient and undermines the stability of nonprofit organizations and service providers. As demand for services are increasing, we need to ensure the stability of non-profit organizations in the State.

For these reasons, we urge a favorable report.