



OF BALTIMORE

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## **Testimony in Support of House Bill 300**

### **State Government – Grants and Contracts – Reimbursement of Indirect Costs**

**To:** Chair Delegate Joseline A. Pena-Melnyk and Members of the Health & Government Operations Committee

**From:** Demaune A. Millard, President & CEO, Family League of Baltimore

**Date:** February 4, 2025

Chair and Members of the Committee,

Family League of Baltimore (Family League) supports House Bill 300 as it would alter the rate at which nonprofit organizations receiving State-funded grants or contracts may be reimbursed for indirect costs to match the rate established under relevant federal guidelines.

Aligning the reimbursement rate for indirect costs of nonprofit organizations receiving State-funded grants or contracts with the federally established rate is a critical step toward ensuring financial sustainability and operational efficiency for nonprofits. As a local management board and nonprofit we assist with providing essential services in Maryland—ranging from youth development and family support to public health initiatives—often relying on a mix of federal, state, and local funding sources. When state reimbursement rates for indirect costs are lower than federally recognized rates, organizations face funding gaps that limit the ability to cover administrative expenses, technology needs, and compliance requirements. By adopting a standardized approach that aligns with federal guidelines, the State can ensure that nonprofits have the necessary resources to maintain high-quality service delivery without diverting funds from direct program activities.

Furthermore, adjusting the reimbursement rate would promote equity and strengthen Maryland's nonprofit sector by leveling the playing field between organizations that receive federal funding and those that primarily rely on state grants. Many nonprofits serving historically underserved communities operate on limited budgets and struggle to subsidize indirect costs due to restrictive reimbursement policies. Ensuring these organizations receive fair and consistent indirect cost recovery allows them to invest in staff retention, capacity building, and infrastructure improvements—ultimately enhancing program effectiveness and long-term impact. This policy change would also improve nonprofit participation in state-funded initiatives by reducing financial barriers, encouraging more organizations to apply for and effectively manage government grants, leading to broader service reach and improved outcomes for Maryland residents.

As the designated Local Management Board for the City of Baltimore, Family League works collaboratively to support data-informed, community-driven solutions to align resources to dismantle systemic barriers that limit the possibilities for children, families, and communities. Our policy focus is built on a comprehensive framework that requires strong local capacity and an interconnected system of supports to foster impactful outcomes. Through our strategic planning process, we have prioritized four areas, focusing on the success of Baltimore's children in cradle to career education; healthy families; economic secure families; and safe and thriving communities. We support HB300 and request a favorable report.

*For more information contact Keontae Kells, Executive Administrator [kkells@familyleague.org](mailto:kkells@familyleague.org)*

Thank you for your time and consideration.

Respectfully submitted,

**Demaune A. Millard**  
President & CEO  
Family League of Baltimore