



Working to end sexual violence in Maryland

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Testimony Supporting Senate Bill 542
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The Maryland Coalition Against Sexual Assault (MCASA) is a non-profit membership organization that includes the State's seventeen rape crisis centers, law enforcement, mental health and health care providers, attorneys, educators, survivors of sexual violence and other concerned individuals. MCASA includes the Sexual Assault Legal Institute (SALI), a statewide legal services provider for survivors of sexual assault. MCASA represents the unified voice and combined energy of all of its members working to eliminate sexual violence. We urge the Budget and Taxation Committee to report favorably on Senate Bill 542.

Senate Bill 542 – Requiring Timely Payment of Grant Funds

Maryland supports survivors of sexual assault, child sexual abuse, sex trafficking, and other crimes through grants of state and federal funds. These grants are generally to non-profit organizations, and these agencies often operate with limited resources. Grants provide core support for salary, benefits, and operational expenses. With the help of grants from Maryland, survivors receive counseling, shelter, legal services, advocacy, and other help. SB542 will help address delays receiving grant funding that rape crisis centers and others repeatedly experience with Maryland grant awards.

Many state agencies, including the Governor's Office of Crime Control, Youth, and Victim Services, require that grant recipients front funds to use for grant activities and then the state provides reimbursement. Some grants use a monthly reimbursement schedule and others require that a full quarter of expenditures be made prior to reimbursement. In theory, grant reimbursements are to be made within 30 days, but they frequently take far longer. This means, as an example, that a rape crisis center would expend payroll and other expenses for 3 months (one quarter), and then wait another 4 or 5 or more weeks for reimbursement. This is untenable. Many non-profits, particularly smaller organizations in rural communities or those devoted to discrete underserved populations, cannot carry the State of Maryland for the weeks and months it takes to get paid for work already performed.

Sexual assault and rape crisis programs share some of their perspectives:

...for us as a small non-profit, this has posed a great challenge through the years. Our monthly expenses run anywhere between \$40,000-\$70,000. It is not uncommon at all for grant payments to arrive 10-12 weeks after the end of a month or quarter. While we do receive donations and we do fundraise, our flexible fund revenue isn't nearly enough to create the cash flow needed to cover those expenses for 10-12 weeks after a monthly reimbursement request. And for those grants that are quarterly, we must carry those 3 months, in addition to the weeks after waiting for payment. We are lucky enough to have a bank that has given us an unsecured \$100,000 line of credit, which is the only way we can operate. However, we then end up paying interest on it, which could be used for other things. We are very grateful for this line of credit, however, because our previous bank would not provide a line of credit over \$50,000, which simply wasn't enough.

... we have experienced enormous stress as a result of Maryland's failure to pay their bills on time. More than once, I have loaned my agency money so we make payroll, but there is only so much I can do. It's important to remember that we run a tight ship and are fiscally responsible. This is just a question of the State failing to do what they promised to do. We almost missed payroll at Christmas time one year. I'm lucky that our Delegate intervened and cash arrived in time

...the delays in payment create some of the greatest challenges for our non-profit agency. We help child survivors who have had horrible things happen to them, adults who have been raped, students assaulted at school, and other victims and survivors of sexual violence. Our staff works hard, and are paid so much less than they would be paid in the private sector. It just feels disrespectful that the state of Maryland can't pay us on time. Sometimes they have our funds for months and months. We can't charge them interest, but we incur interest expenses if we have to take a loan so we can pay our staff.

... it's amazing to me that the federal government is so much better at paying on grants than Maryland is. Federal grants will allow us to both get reimbursed promptly and also to request funds that will be expended within 10 days. When we request funds, the money is in the bank within days. Maryland should be at least as good as the federal bureaucracy.

It is important to remember that non-profits have many of the same responsibilities as other small businesses: payroll, rent, health insurance for employees, utility payments, etc. SB542 would help improve the financial health of rape crisis centers and let them focus on helping survivors.

**The Maryland Coalition Against Sexual Assault
urges the Budget and Taxation Committee to
report favorably on Senate Bill 542**