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Senate Bill 542 State Finance and Procurement - Grants - Prompt Payment Requirement

Budget and Taxation Committee

February 16, 2022

Position: SUPPORT

The Mental Health Association of Maryland is a nonprofit education and advocacy organization that brings together consumers, families, clinicians, advocates and concerned citizens for unified action in all aspects of mental health and substance use disorders (collectively referred to as behavioral health). We appreciate the opportunity to provide this testimony in support of Senate Bill 542.

SB 542 establishes invoicing and prompt payment requirements for certain state grants.

The Mental Health Association of Maryland receives state grant funding for education and training purposes as well as a site visiting program that conducts oversight of public behavioral health services. In the last few years our organization has been negatively impacted by significant late payment of grant funds by the state of Maryland. In FY 21 outstanding payments were due for some grants for most of the fiscal year. Currently we have not been paid at all for several contracts for nearly 8 months in FY 22, despite having completed contractually required provisions and submitted all required invoicing and other documentation. This has required our organization to liquidate assets twice in the current fiscal year in order to meet payroll and other financial obligations. The loss of funds received through bequests and generous donations from the public are not easily restored by nonprofit organizations.

We recognize the impact of Covid 19 on the state's workforce, and are well aware of the reasons why normal operations of government agencies have been impaired, as we have experienced the same pressures in the nonprofit sector. However, the state has received a generous influx of federal funds that is anticipated to provide significant budget surpluses for the next 6 years. Small organizations like ours have lost funds as a result of the state's inability to carry out basic payment functions, and we have no avenue to recoup these funds.

For these reasons, MHAMD supports SB 542 and we urge a favorable report.

For more information, please contact Dan Martin at (410) 978-8865