

February 15, 2022

**Testimony on House Bill 451**

**State Finance and Procurement – Grants – Prompt Payment Requirement  
House Health and Government Operations Committee**

**Position: Favorable**

Written By: Gary Christopher, Director of Weatherization

Community Action Council of Howard County runs a weatherization program active throughout the State of Maryland. We employ subcontractors to install energy efficiency measures in the homes of our low income clients.

Despite our efforts to work with the Maryland Department of Housing and Community Development to find ways to speed payments for construction work completed, slow payment remains a large problem for us and our subcontractors. Contractors are routinely reluctant to work with us on this program because of the slowness of payment. The contractors that do work with us charge more than they would charge another customer in the open market because of this factor.

The slow payments are not just a result of financial processing times; the DHCD program as currently designed has lengthy review and approval processes that sometimes take months. This occurs even before invoices make it to the Comptroller's office for payment. Any change that starts the payment process earlier would be a welcome change. This would mean starting the payment process before all of the relevant inspections and approvals are obtained, which routinely takes weeks or even months.

As a result of this situation, CAC recently felt compelled to borrow \$960,000 from a bank to provide liquidity to finance our weatherization operations. With stimulus funds arriving from the federal government soon and the urgent need for these services in our community, we felt that some sort of action was needed to keep our operation running and our vendors tolerantly satisfied with doing business with us and the State government. The interest on this loan is not chargeable to any of our grants and will have to be paid by our organization out of donations.

Any action that can speed payments to non profits will be welcome relief to these organizations as well as the populations that they serve.