

February 15, 2022

Testimony on House Bill 451
State Finance and Procurement – Grants – Prompt Payment Requirement
House Health and Government Operations Committee
Position: Favorable

The Maryland Out of School Time Network (MOST) is a statewide organization dedicated to closing opportunity gaps by expanding both the quantity and quality of afterschool and summer learning opportunities for school-aged young people. MOST is one of the fifty statewide networks supported by the Charles Stewart Mott Foundation and serves as Maryland’s affiliate to the National Afterschool Association.

MOST Network strongly endorses House Bill 451 which will provide much needed supports to afterschool and summer program providers who receive grant funding from the state of Maryland. In addition, HB 451 will offer protections similar to those who receive contracts through the state’s procurement process.

We have heard many stories from the field that afterschool and summer program providers have faced lengthy delays in receiving payments. In some cases, the delays have created organization-threatening challenges including inability to meet payroll. These delays have also disrupted programming which is relied upon by both children and families. The impact disproportionately affects smaller, community-based organizations, often led by people of color.

Maryland’s ‘prompt pay’ laws, and the regulations that set standards for review of invoices, do not apply to the reimbursable grant agreements that are used with most state grants for the provision of health, education or social services by nonprofits.

These problems of delayed payment, often with no explanation, aren’t new or particularly related to conditions under the current pandemic, although their impact has been more severe for organizations experiencing COVID-related reductions in other revenue sources or increased costs.

We urge you to give the nonprofits serving our people and communities on behalf of the state “payment parity” with the standards that already apply to state agencies in their procurement contracting. Please give House bill 451 a favorable report.

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