



Written Testimony in Support of House Bill 451: *State Finance and Procurement – Grants – Prompt Payment Requirement House Health and Government Operations Committee*

Franca Brilliant, Advocacy and Development Director, Nonprofit Montgomery

Thank you for giving me the opportunity to testify. My name is Franca Brilliant and I am the Advocacy and Development Director for Nonprofit Montgomery. We support our nearly 200-member nonprofit organizations with technical assistance, training and resources, and advocacy on issues of importance to the nonprofit sector. The one you are considering today is an obstacle for nonprofits across the state.

I have worked with nonprofit organizations for over 30 years and have seen so many examples of nonprofits struggling to start programs while contracts were stuck in various stages of procurement that I have lost track. In my own direct experience, I have seen delays on payments of invoices from state agencies that extended for months. Delays in paying invoices often follow delays in initial payments on programs with significant start-up costs. Most nonprofits don't have the financial reserves to float a major project with their own funds while waiting for their money to come through. The burden falls especially heavily on the organizations that most need this support—small community-based organizations, many of which are led by people of color.

Current “prompt pay laws” and regulations that set standards for review of invoices don't apply to the reimbursable grants agreements that most nonprofits offering health, education or social services hold with the state. Although the law isn't perfect, it would be a big improvement for service providers who would know that agencies are obliged to respond in a timely manner or face penalties.

We ask that you take steps to ensure that nonprofits serving Maryland communities on behalf of the state are entitled to the same regulations that apply to business contracts with the state. Nonprofit Montgomery supports House Bill 451 and we urge you to give House Bill 451 a favorable report.

Thank you for your consideration.

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