



**To: House Ways and Means Committee**

**For: HB 256 – Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding**

**Date: February 2, 2022**

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Thank you for the opportunity to present this testimony in favor of increasing the amount of money available in the NIMBL Fund from its current maximum of \$187,000 up to \$1 million.

I have worked as a fundraising consultant to dozens of nonprofit organizations in Maryland since 2000 and have previously testified in favor of NIMBL on their behalf, and on behalf of the thousands of other small to mid-size nonprofits in Maryland – those with annual budgets in the range of \$300,000 to \$5 million per year. While I applaud the passage of legislation that created the NIMBL program, its current funding level does not reflect the original intention of the bill – which was to make it easy for nonprofits in the state of Maryland to attain bridge loans while they await payouts on government contracts and grant awards.

As it stands, the fund has enough money to provide only seven loans – at the maximum level of \$25,000 – at any given time. As government payouts can take many months, the number of nonprofits that will benefit from the NIMBL program at current funding levels is likely to be at most a dozen per year. Maryland is home to more than 30,000 nonprofits, which employ over a quarter of a million people. Payment delays on government grants and contracts jeopardize not only essential services, but also the livelihood of people who provide them.

With my assistance, over the years my clients have applied for and received hundreds of grants and contracts from various state and local government agencies and departments. These have ranged from a \$2,000 grant from a county council special appropriation to a \$1.2 million contract with MSDE. That's the good news. The bad news is that these organizations are expected to start delivering the

services immediately – even though they don't have a signed contract and they don't have the funds in hand.

And even when the initial payout does arrive, it is usually no more than 15 percent of the total grant award for the first year. After that, the organization is expected to expend their own funds to operate the program, purchase program supplies, pay their staff, and then – either monthly or quarterly – submit copies of invoices and canceled checks for reimbursement. These reimbursement requests can also take several months to be fulfilled. A fully funded NIMBL program will ensure that many more small and medium-sized nonprofits have sufficient working capital while they wait for the initial government payout and reimbursement funds.

Organizations that have solid financial reserves and ample cash flow may not mind waiting for government payments. But that doesn't describe most of my nonprofit clients, or many other nonprofit organizations that I know about, either. Most are operating with extremely tight budgets with very limited cushions to cover their expenses; the coronavirus pandemic has only served to exacerbate this situation. When it takes many weeks or months to receive money that has been committed to them by a state or local government entity, it can put an organization over the edge. They simply do not have the capacity to absorb the delays in reimbursements that can last for many months. They have trouble making payroll or paying their vendors and sub-contractors, thereby diminishing the effectiveness of their services to needy Marylanders.

Therefore, it is not surprising that some nonprofits have given up applying for government grants – even when they are viable candidates. Expanding the NIMBL program would provide a strong incentive for these deserving nonprofits to once again seek government funding.

A quick-turnaround loan of up to \$25,000 will go a long way towards seamlessly continuing and solidifying the important services that my clients and other Maryland nonprofit organizations provide while they are waiting for payments that have been committed to them from various state and local government agencies. But the NIMBL fund can only fulfill its purpose if the nonprofit organizations that need it have ready access to it. Increasing the amount available in the NIMBL revolving loan fund to \$1 million will ensure that this happens.

Thank you again for the opportunity to present this testimony.