

CDN HB256 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



Testimony HB 256
Budget & Taxation Committee
January 25, 2022
Position: FAVORABLE

Dear Chairperson Atterbeary and Ways and Means Committee Members:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

Under House Bill 256 , the funding level for the NIMBL revolving loan fund will be 'restored' to 5% of the 1.5% of the state proceeds from video lottery terminals dedicated to the Small, Minority, and Women-Owned Businesses Account – NOT to exceed \$1,000,000. The NIMBL loan Fund is a revolving fund with loan repayments replenishing the Fund on a regular basis, and is still at its original \$187,500 amount. A small additional amount was authorized in the FY22 budget but has not yet been transferred to the fund.

Since its inception the NIMBL program has been ham-strung by the available funds – allowing only 7 loans to be in effect at one time. These loans are intended to be rapidly processed for organizations with immediate needs to start or continue services on behalf of government when their government funds are delayed. Promoting the program to organizations that may face a delay waiting "in a cue" would make no sense.

Nonprofit housing and community development organizations continually face delays in payments on grants or contracts. During the pandemic, in Baltimore City some organizations waited for more than 15 months for payments on their Community Development Block Grant payments. Organizations working to improve communities through housing counseling, legal services, housing development and human services all suffered delays. Delays make participation in government programs onerous for service providers, particularly smaller and younger nonprofits led by people of color.

We urge your favorable report.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

2022 Testimony of Elise Saltzberg in favor of HB 2

Uploaded by: Elise Saltzberg

Position: FAV



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

Testimony of: Elise Saltzberg, Saltzberg Consulting

Contact information: 410-486-3603 (office) 410-236-0758 (cell) elise@saltzbergconsulting.com

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.

Franca Brilliant Written Testimony in Support of

Uploaded by: Franca Brilliant

Position: FAV

Written Testimony in Support of House Bill 256: *Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, 3 Micro Bridge Loan (NIMBL) Account – Funding 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—such as the one you are considering today.

Nonprofit Montgomery supports House bill 256, which would increase the funding of the NIMBL Account, allowing more Maryland nonprofits to take advantage of this interest free, micro bridge loan. As you all know, nonprofits are essential partners to government, providing provide food, shelter, mental and physical health support, recreation, arts, academic enrichment, and a thousand other services to all of Maryland’s residents. The past two years of the pandemic have underlined the importance of the role they play—without the support of these organizations, Marylanders would have suffered far more than they did. During this crisis, government agencies—from the Federal level right down to municipalities--worked hard to move money quickly into the hands of their nonprofit partners to ensure that they could respond to critical community needs. It was an impressive act of coordination and flexibility, and a marked contrast to what nonprofits usually experience.

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 federal contracts that took over a year to deliver funds, and reimbursable county contracts that couldn’t provide any funding for months after work began. 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.

This is why expanding the NIMBL loan fund is so important. The original legislation has been understood as making funding discretionary, which was not meant to be the case. The fund has also been capped at \$187,500; that is a very small amount compared to the 32,000 nonprofits that serve Maryland. This bill would restore funding to 5% of state proceeds from video lottery terminals dedicated to the Small, Minority, and Women-Owned Businesses Account, not to exceed \$1,000,000.

In its current state, with very limited funds, the NIMBL fund is a good program but with increased funding it could be a great one.

Please support HB 256. Thank you.

Support HB 256 NIMBL.pdf

Uploaded by: Henry Bogdan

Position: FAV

February 2, 2022

Testimony on House Bill 256
House Ways and Means Committee
Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

Position: Favorable

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We urge you to support House Bill 256 to increase the funds available for NIMBL – a “Micro Bridge” loan program operated by the Maryland Department of Commerce that help nonprofits in need of start-up funds or in many cases suffering from delays in payments.

Since its inception the NIMBL program has been ham-strung by the limited available funds – allowing at most 7 full loans to be in effect at one time. These loans are intended to be provided to organizations with immediate needs to start or continue services on behalf of government when their government funds are delayed. The Department of Commerce has shown that these small cash flow loans can be rapidly and effectively processed. But promoting the program widely when organizations would have to face delays waiting in a cue for ‘immediate relief’ has not made any sense.

Nonprofits in Maryland continually face delays in payments on grants or contracts that may extend many months. Additionally, they may need to wait several months for an initial payment on a program with considerable start-up costs but no funding advances allowed. This works to make participation in government programs even more economically difficult for service providers, particularly smaller and younger nonprofits led by people of color.

Senate Bill 245 will change language in the original 2017 legislation for the NIMBL Program that has been interpreted as essentially making it’s required funding completely discretionary – that was clearly not the intent of the General Assembly.

Under House Bill 256, the funding level for the NIMBL revolving loan fund will be 'restored' to 5% of the 1.5% of the state proceeds from video lottery terminals dedicated to the Small, Minority, and Women–Owned Businesses Account – NOT to exceed \$1,000,000. The NIMBL Loan Fund is a revolving fund with loan repayments replenishing the Fund on a regular basis, and is still working with the original \$187,500 amount. The General Assembly authorized an additional transfer of \$150,00 in the FY22 budget that we believe is in process but as far as we can determine that money has not yet been transferred to the NIMBL fund account.

As a practical matter, Senate Bill 245 simply accomplishes what was intended in the original legislation in 2017 and will be a one-time allocation except to the extent of any program losses. The original program legislation, in Section 5-1204 of the Economic Development Article, requires that "If the money in the Account exceeds \$1,000,000, any money in excess of that amount shall be transferred" back to the SMWOB Account.

We urge you to give House Bill 256 a favorable report.

BaltimoreCounty_FAV_HB0256.pdf

Uploaded by: Joel Beller

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JOEL N. BELLER
Acting Director of Government Affairs

JOSHUA M. GREENBERG
Associate Director of Government Affairs

MIA R. GOGEL
Associate Director of Government Affairs

BILL NO.: **HB 256**

TITLE: Maryland Nonprofit Development Center Program – Nonprofit,
Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

SPONSOR: Delegate Forbes

COMMITTEE: Ways and Means

POSITION: **SUPPORT**

DATE: February 2, 2022

Baltimore County **SUPPORTS** House Bill 256 – Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding. This legislation would enhance funding available in the Nonprofit Interest Free, Micro Bridge Loan (NIMBL) account.

Industries across a variety of sectors have suffered tremendous losses as a result of the COVID-19 pandemic. Nonprofits, which rely heavily on contributions from individuals and sponsors, have been particularly impacted by economic hardship. The lack of available disposable income for residents across the State has reduced available funding for nonprofits and forced many to scale back operations in a time when the need has never been greater.

The State’s NIMBL account provides critical assistance to nonprofits by providing interest-free bridge loans of up to \$25,000. HB 256 would increase funds allocated to the NIMBL account, thereby enhancing available funding to struggling non-profits. Baltimore County continues to rely on the critical assistance provided by its non-profit partners, and would greatly benefit from the continued support provided by this legislation.

Accordingly, Baltimore County requests a **FAVORABLE** report on HB 256. For more information, please contact Joel Beller, Acting Director of Government Affairs at jbeller@baltimorecountymd.gov.

ATMTC Testimony-Delegates.pdf

Uploaded by: Leon Seemann

Position: FAV



Glen Echo Park
7300 MacArthur Blvd
Glen Echo, MD 20812

Wintergreen Plaza
837-D Rockville Pike
Rockville, MD 20852

January 28, 2022

Leon Seemann
Executive Director

Dat Ngo
Education Director

Chil Kong
Artistic Director

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**TESTIMONY IN SUPPORT OF HB256
Maryland Nonprofit Development Center Program –
Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding**

Good Morning. My name is Leon Seemann. I am the Executive Director of Adventure Theatre MTC in Montgomery County. If you're not familiar with us, we are a musical training academy with an integrated professional theatre for family audiences. In a normal year, Adventure Theatre MTC centers a community of over 200 full time, part-time and seasonal employees who welcome nearly 45,000 patrons and students to our building each year. Covid has reduced our size by half and we're trying to rebuild to what we were.

As with most businesses, what Covid has demonstrated more than any crisis in recent memory is the critical nature of cashflow in ensuring a nonprofit can continue to service its clients. During these past two years, many nonprofits have faced the situation of increased demand while revenues diminished. Thanks to the foresight and understanding of the situation, many government programs at the Local, Federal and State level have stepped in with programs, grants and contracts to help nonprofits remain operational. The main hiccup has been timing.

There is often a delay between when the government award and funding. As an example, our organization had an average delay of 5 months between each government grant/award and funding. Large organizations, with significant reserves are able to navigate this with minimal disruption. But small to mid-sized nonprofits, this can have a devastating impact and effectively shut down an organization that has funding pending.

It can create a situation, where you have good programs that are fully funded and you still have trouble making payroll.

That's why the NIMBL program and its interest-free, micro bridge loans are so critical to the survival of small to mid-size nonprofits. As an early participant of this program in 2017, I can testify how it allowed us to create enough stability to start shedding some predatory contracts and put us on stable footing through the gap between our MSAC grant payments. Unfortunately, when we went back again after our March 2018 fire, the funds were being fully utilized by other nonprofits.

Since this program is based on firm state commitments, there is no good reason to ever turn a nonprofit away. Its current limitations in funding and capacity are only hurting nonprofits and the clients the state wants them to serve. That's why this legislation is so critical.

For these reasons, I ask for a FAVORABLE REPORT on HB256.

Leon Seemann, Executive Director
Adventure Theatre MTC January 16, 2022

Historic Sotterley NIMBL Testimony.pdf

Uploaded by: Nancy Easterling

Position: FAV

Testimony for SB245—Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Funding
Nancy L. Easterling

I am Nancy Easterling, the Executive Director for Historic Sotterley, Inc., located in St. Mary's County, Maryland. For those of you who do not know Historic Sotterley (and if not, you need to come down for a visit!), our nonprofit runs a 300 year old National Historic Landmark and historic museum site which interprets our complex, and often difficult, shared history. With a full range of programming to include education programs and field trips, tours, cultural events, recreational opportunities, a working farm that donates produce to our local community, our Common Ground Initiative supported by our Descendant community, and much more. Historic Sotterley is truly an exceptional educational and cultural resource for our community, our State and our Nation.

Historic Sotterley is unlike many museums, however, in that it is not owned by a county, state or federal government, and it does not have an endowment to support its operations. This means we need to earn and work for every dollar that supports our efforts, and this makes for a pencil-thin budget with often no reserve accounts to serve as a cushion. Grants are one of the few ways we have been able to make important projects and advancements possible over the years, but most government grants work on a reimbursement basis which makes it difficult for small organizations like ours. It can sometimes take months and months after paying a bill to work our way through the reimbursement process, and usually we do not have funds in reserve to fall back on. We have had to draw on our operational line of credit which then incurs interest payments we will not be reimbursed for, and have even had to delay paying other bills when funds became too tight.

When this NIMBL program became available, I applied for it right away, and in fact to date we have used it twice. The first time was for a \$100,000 Bond Bill from the State, and while we were about halfway through the project at the time we applied, it was getting harder and harder to make cash-flow work. The NIMBL funds did not see us entirely through the project, but it helped us through a difficult period. We applied for our second loan to support our \$100,000 African American Heritage Preservation Program grant, and this time we had to wait until others repaid their loans before funds could be made available since the pool of funds was so small. I quickly went through the \$25,000, but I had to pay it back as soon as I received our grant reimbursements and could not continue to recycle these funds throughout the course of the grant. I am incredibly grateful to have received both loans, but if more funds had been available for this program, perhaps either the loan amounts could have been increased, or repayment of smaller loans could wait until all grant funds have been expended, allowing nonprofits to recycle these funds throughout the course of the grant and ease with cash flow.

The Nonprofit Interest-Free Micro Bridge Loan has been a godsend to Sotterley and it can be the same thing for many other nonprofits, all of which are serving our communities. I ask that you increase the funding for NIMBL, and know that by doing so, you are investing in the important and critical work of so many nonprofits which support our State and its citizens.

Historic Sotterley Inc's Mission: Preserve our historic structures and natural environment and use the powerful stories of our land, lives, and labor to bring American history to life while serving as an educational and cultural resource.

HB 256 NIMBL Delegate Forbes Testimony.pdf

Uploaded by: Susan Parts

Position: FAV



The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 256 Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account Funding

Testimony of Delegate Cathi Forbes
Hearing February 2, 2022 at 1:00 pm
Ways and Means

What this bill does

This bill would fully fund the existing Non-profit, Interest Free, Micro Bridge Loan (NIMBL) Account housed within the Maryland Nonprofit Development Center and the Maryland Department of Commerce. The NIMBL Account was created five years ago when the General Assembly enacted [SB465/HB1517](#). NIMBL provides nonprofits with short-term, interest-free loans up to \$25,000 to continue their work while they await approved federal, state, county or municipal funding.

Why this bill matters

Nonprofit organizations are an integral part of our community. Our constituents depend on them for so many things, and our government depends on them to provide services and fill in the gaps. Generally nonprofits run on small budgets and are largely grant-dependent. Waiting for grant funding to arrive can stress non-profits and causes cash flow problems for payroll, programming, and other expenses.

The NIMBL fund exists to provide nonprofits with no-interest, short-term loans while they await monies from grants that have been approved. Once that grant funding is received, the nonprofit returns the loan to the NIMBL fund. The NIMBL fund is replenished, so that money is available for another non-profit. Because of this, maintaining this account requires no addition state funding.

History of the fund balance in the NIMBL fund

As introduced, the NIMBL fund required a one-time allocation of \$1,000,000. That has never been realized. In the fall of 2017 the account launched with \$187,000 from the state budget. Last session, the FY2022 budget fenced off \$150,000 more, but that amount has not yet reached the account. Even with that deposit, the NIMBL account will remain \$662,500 underfunded, making it an ineffective tool for nonprofits. The Department of Commerce has a proposed marketing plan to explain the NIMBL resource to nonprofits, but it has never been executed because the NIMBL fund does not have enough money to fulfill its promise. With the funding that exists and no marketing, NIMBL has successfully issued only 17 loans since its inception.

Who benefits from this bill

The state's nonprofits, the people that staff them, and the people they serve.

Why you should vote for this bill

The passage of HB 265 will mandate that the NIMBL fund reach the one-time allocation of \$1,000,000 so it can be a viable resource for our nonprofits.

I ask for a favorable report on HB265.

HB 256 NIMBL Account-Funding (Forbes) W&M 2.2.22 S

Uploaded by: Barbara Wilkins

Position: INFO

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor



DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 256 Maryland Nonprofit Development Center Program - Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account - Funding (Forbes)

STATEMENT OF INFORMATION

DATE: February 2, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 256 mandates a FY 2024 appropriation in the amount of \$1 million in the Maryland Nonprofit Development Center Fund; and increases from up to 5% to 5%, from the amount of revenues received by the Small, Minority and Women-Owned Business Account from video lottery terminal (VLT) proceeds (1.5%) in FY 2023 and beyond. The Account balance is capped at \$1 million. The funds are to be used for loans made under NIMBL.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$1 million mandated appropriation provision that impacts the FY 2024 Budget. The FY 2023 Budget allocates \$150,000 for the Maryland Not-for-Profit Development Fund subprogram and \$187,500 for the NIMBL subprogram. The legislation, beginning in FY 2023 would result in a net increase of \$812,500 in VLT proceeds to NIMBL, which would total \$1 million. In FY 2024, the total appropriation would be \$2 million, which includes the new \$1 million General Fund mandate and the \$1 million of VLT proceeds which is an ongoing allocation. The bill would increase the appropriation for the Maryland Nonprofit Development Center Fund by 492% (FY 2023 allowance to FY 2024).

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project

structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**