



TESTIMONY IN SUPPORT OF HB 1226 - ECONOMIC DEVELOPMENT - NONPROFIT SUSTAINABILITY FUND

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CEO Adoptions Together

House Appropriations Committee

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Chair Barnes, Vice-chair Chang, and honorable members of the Appropriations Committee, Adoptions Together supports House Bill 1226 to create a new Nonprofit Sustainability Fund and to fund it at \$100 million annually.

Small and mid-sized nonprofits can help the state government by providing services, opportunities, and enhancing quality of life in every community of the state. Nonprofits can also address the specific needs of their communities, and often are able to reach individuals and groups that are hard for government agencies to connect with.

However, many organizations struggle to obtain the revenue they need to fully meet their missions, to address the many and complex administrative requirements of a nonprofit corporation, and to grow. An unrestricted grant of 1.5 percent to 10 percent of revenues would provide a boost that would multiply the effectiveness of Maryland's small and mid-sized nonprofits. Almost all of the funding that is now available to nonprofits is restricted to certain uses and purposes. It is difficult to cover the organizational costs of running a nonprofit business, and it is difficult to obtain funds for organizations that flexibly address multiple needs in our communities.

Adoptions Together, founded in 1990 works in partnership with state agencies to support the well-being of Maryland residents. Our organization was founded to fill gaps in child welfare services that ensure that every child in our community has the opportunity to grow up in a safe, stable, and well supported family unit. As a social worker, I started the agency to meet a defined need. Over the years we have found that getting funding for direct service projects for the community has been way more doable than getting funding for infrastructure. As a well-run organization/employer who works to achieve a specific purpose, we need strong internal systems such as HR, IT, financial systems and other critical infrastructure to work at maximum efficiency and professionalism. As a licensed child placement agency we are required to complete an annual audit each year by an independent auditor. With funding for infrastructure from the state we could spend more time focused on the mission of the organization rather than fundraising to cover the essential costs.

Historically, nonprofits have been capped at a 10% indirect cost rate for all contracts. While generous in the past, due to the changing workforce and inflation increases over the last few years, nonprofits are now being forced to consider supplementing the government to be in partnership with them. For example, we have a large government contract, capped at 10%, and we are in year 2 of the 5-year term. Our overhead costs have now risen to 18%, however we are still capped at 10% for indirect costs, which means we must supplement that difference through fundraising or grants.

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Every Step of the Way

ADOPTIONS TOGETHER

The Nonprofit Sustainability Fund could bolster Maryland's Nonprofit sector, increasing employment and investment. It would help government to deliver services and address needs in every program area. It would help make Maryland a more attractive place to live, work, and start or expand a business.

For these reasons, Adoptions Together respectfully requests a favorable report on HB 1226.

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