



## Testimony in Support of House Bill 1226

### Economic Development - Nonprofit Sustainability Fund - Establishment

**To:** Chair Ben Barnes and Members of the Appropriations Committee

**From:** Demaune A. Millard, President & CEO, Family League of Baltimore

**Date:** March 9, 2023

Family League of Baltimore (Family League) supports House Bill 1226 as it would establish the Nonprofit Sustainability Fund in the Department of Commerce to provide general operating support for nonprofit organizations in the State; establish the Nonprofit Sustainability Fund Evaluation Committee to evaluate applications from certain nonprofit organizations in the State for grants from the Fund; establishing criteria for eligibility for a certain grant from the Fund.

Family League has been operating as a non-profit for a little over 30 years providing services to children, youth and families in Baltimore City. As a mid-size nonprofit, we are able to help the state government by providing services, opportunities, and enhancing quality of life in Baltimore Communities. Nonprofits are able to 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 on a daily basis.

We have been operating at the de minimis 10% indirect cost rate for several years, despite our actual indirect cost rate being an average of 14%. This has made it difficult to increase award amounts to our funded partners in the community and provide impactful cost-of-living increases for our staff, while satisfying our fiduciary liabilities to run the organization. For example, our healthcare costs have steadily risen by 5% each year. As a result, we had to make the difficult decision to reduce the amount of coverage our organization paid on the employees' behalf to prevent a year-end deficit. We are committed to retaining our staff and anticipate a 3% cost-of-living adjustment due to rising costs for bare necessities like food, housing, childcare and utilities.

Receiving an unrestricted grant of this magnitude would allow us to issue more funding to community organizations, obtain/retain employees in a competitive workforce and establish cash reserves. We would also have the ability to increase our funded partners' indirect cost rate so they can effectively and efficiently operate. The Nonprofit Sustainability Fund could bolster Maryland's Nonprofit sector, increasing employment and investment. It would help the government to deliver services and address needs in every program area.

As the designated Local Management Board for the City of Baltimore, Family League works collaboratively to support data-informed, community-driven solutions to align resources to dismantle systemic barriers that limit the possibilities for children, families, and communities. Our policy focus is also guided by and in support of the Governor's Office of Crime Prevention Youth and Victim Services' Results for Child Well-Being. Through our strategic planning process,

we have prioritized three of these results areas, focusing on the success of Baltimore’s children in school; the economic stability of families; and the safety of communities for children, youth, and families. We support HB1226 in particular because of its alignment with the result areas that work to ensure “Families are Economically Stable.”

*For more information contact Keontae Kells, Executive Administrator [kkells@familyleague.org](mailto:kkells@familyleague.org)*