



TESTIMONY IN FAVOR OF

HOUSE BILL 1226

HOUSE APPROPRIATIONS
COMMITTEE

MARCH 9, 2023

MARYLAND NONPROFITS

Contact: Neil Bergsman, Senior Policy Analyst
nbergsman@mdnonprofit.org 667-335-0401

Maryland Nonprofits supports House Bill 1226 to launch a Nonprofit Sustainability Fund

Nonprofit organizations are very significant employers and engines of economic opportunity in Maryland.

Nonprofit organizations provide services and benefits to Maryland's communities, families, and individuals that are in the public interest. These services and benefits make Maryland a more attractive place to live, work, and establish businesses.

Nonprofit organizations are frequently able to provide these benefits and services with greater efficiency, effectiveness, and flexibility than could government agencies. Nonprofits can often provide services to communities that are difficult for government-operated programs to effectively reach and serve.

Small and mid-sized nonprofit organizations are more likely to be led by members of historically disadvantaged minorities and to serve communities and populations that have been disadvantaged historically. But, they require adequate general operating support to be able to continue providing these benefits and services in a sustainable manner.

So, it is in the state's interest to provide general operating support to small and mid-sized nonprofit organizations to promote their sustainability.

What: General Operating Grants Available to Nonprofits organizations with revenues from \$50,000 to \$10 million.

At its 2023 Legislative Preview event on January 9, Maryland Nonprofits launched an open letter directed to Governor-Elect Wes Moore, Speaker Adrienne Jones, and Senate President Bill Ferguson calling for the establishment of a \$100 million state-funded general operating nonprofit grant fund. Since then over 700 organizations and nonprofit leaders have signed on to the letter.

“With an unprecedented projected budget surplus in 2023,” the letter reads, “now is the time for Maryland to make good on its commitments to the nonprofits and the workers that have been asked to do ‘more with less’ for decades.” The grant fund would support an estimated 2,100 small and medium-sized organizations annually.

Numbers:

Total program \$100 million

Grants to approximately 2100 organizations annually

Average grant estimated at \$41,000.

Grants are 1.5% to 10% of revenues. Smaller organizations receive a larger percentage.

Details: The following organizations receive the highest priority: Human services, culturally specific organizations serving historically underserved and underrepresented communities, small nonprofits outside metro areas.

2% for Department of Commerce administration. 3% for intermediary organizations. There will be an Evaluation Committee to review applications and determine eligibility and priority category.

For these reasons, Maryland Nonprofits requests a favorable report on House Bill 1226,