



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

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House Appropriations Committee

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

Nonprofit Montgomery is a proud member of Maryland Nonprofits and we ourselves have 200-member organizations serving communities from Damascus in the North to Silver Spring in the South; from Poolesville in the West to Burtonsville in the East. We work to strengthen the nonprofit sector serving Montgomery County through leadership development, organizational capacity building, and peer-to-peer networking and support; increase the visibility of nonprofits and the work they do; and influence progress through advocacy and strategic partnerships.

More than half of our members have revenues of less than \$500,000, and many serve historically marginalized communities that are predominantly immigrant, black, or low income. Our members assist hundreds of thousands of Maryland residents with access to food and housing, mental and physical health services, cultural enrichment and workforce development, legal assistance and academic support, and a myriad of other services. They know their communities and provide culturally and linguistically appropriate support that strengthens the fabric of neighborhoods and enables all residents to thrive.

It is precisely these small, community-based organizations that have the most difficulty attracting operational support. Most public and private sector funding comes in the form of program money, with very little allocated to the infrastructure that enables organizations to consolidate and grow. Program grants are generally restricted to salaries and program activities. They rarely cover essential items such as bookkeeping, fundraising, human resources, IT, and databases. Even when funders allocate some money to back office costs, the amount they are willing to provide is insufficient for organizations to build the systems to support efficient operations. As a small nonprofit itself, Nonprofit Montgomery knows how hard it is to raise funds to allow us to run our businesses.



An unrestricted grant of 1.5 to 10 percent of revenues through the Nonprofit Sustainability Fund would provide a significant boost to an estimated 2,100 organizations annually. Our members told us they would, among other things, use this funding to build customer databases; develop onsite space to provide workshops, resource centers, and treatment facilities for their clients; offer professional development for staff; and strengthen marketing and communications. Through direct assistance to these organizations, this fund would have a multiplier effect, allowing them to simultaneously work more effectively and expand their reach to assist more residents.

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. It would help make Maryland a more attractive place to live, work, and start or expand a business.

For these reasons, Nonprofit Montgomery respectfully requests a favorable report on HB 1226.

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