

This is the moment to care



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Maryland Nonprofits Testimony

SUPPORT for House Bill 1226

Nonprofit Sustainability Fund

House Appropriations Committee

March 9, 2023

Chair Barnes, Vice-chair Chang, and honorable members of the Appropriations Committee.

Thank you for the opportunity to be heard today in support of House bill 1226 to create the Nonprofit Sustainability Fund. My name is Heather Iliff and I am president and CEO of Maryland Nonprofits, representing our 1,700 member organizations and the more than 700 people and organizations that signed on to support this bill.

In 2015, in the aftermath of the uprising in Baltimore following Freddie Gray's death, community-based organizations around the City began picking up the pieces and working to knit the community together. However, there was a problem – many small, community based organizations had faced the same disinvestment in their communities that contributed to the uprising in the first place. We saw even more stark difficulties for small nonprofits across the state during the COVID-19 pandemic. Small and mid-sized nonprofits are the fabric of communities through thick and thin, and this bill acknowledges that the very existence of these organizations in communities is critical. Larger organizations have advantages in leveraging individual donors and foundations, as well as in lobbying to receive significant government grants.

This pattern over decades has resulted in 90% of all nonprofit funding going to the top 2% of nonprofit organizations that are also disproportionately white-led.

As the legislature moves into more authority over the budget, this pattern could continue and deepen as larger organizations have more resources to access state legislative processes, or it could become more equitable. By having the Nonprofit Sustainability Fund in place, nonprofits will have an avenue for unrestricted operating funding that is not normally available through the state budget process, and not very accessible to small organizations due to burdensome requirements and delays in payments typical in many government funding streams.

In a sector with \$66 billion in economic impact in the State and 12.9% of all private sector jobs, a fund of \$100m is at a scale that can make a difference. The economic impact of this bill will be to create more jobs in small organizations in communities, deliver community-led and community-accountable solutions to local problems, and leverage the ability of these organizations to raise money from federal and philanthropic sources, thus bringing more resources into communities that need it most.

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