

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

Stephen DaRe, President and CEO, Chimes Inc Baltimore MD

House Appropriations Committee

March 9, 2023

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

Small and mid-sized nonprofits are able to help the state government by providing services, opportunities, and enhancing quality of life in every community of the state. 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.

However, these 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.

Our funding doesn't permit us to pay a living wage to our front line direct service providers. We currently pay our providers \$17 per hour but need to move to \$19 or \$20 per hour. Since we are a large IDD provider the increase in compensation would increase our expense burden by \$1 million to \$2 million per year.

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, **Chimes** respectfully requests a favorable report on HB 1226.

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