

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

JoAnn Hansen, Executive Director, Habitat for Humanity Choptank

House Appropriations Committee

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Chair Barnes, Vice-chair Chang, and honorable members of the Appropriations Committee. Habitat for Humanity Choptank 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.

While specific government funding sources exist to help with the work that nonprofits do, these funding sources often look to nonprofits to provide a match for support, which often comes in the form of staffing. No one wants to pay for staffing. It is absolutely the hardest cost for non-profits to cover even though you cannot deliver a high-quality service without high quality staff. In addition, the difficulties in getting advances on government funds, while in some cases is available, is administratively challenging and cumbersome at best. And the timing in which government grants are reviewed, approved and nonprofits can count on them for support is simply not predictable.

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, Habitat for Humanity Choptank respectfully requests a favorable report on HB 1226.

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