

Testimony for SB112—Payment Parity and Prompt Payment on State Grants
Nancy L. Easterling

I am Nancy Easterling, the Executive Director for Historic Sotterley, Inc., located in St. Mary's County, Maryland, and I am writing in support of SB112. For those of you not already familiar with Historic Sotterley, our nonprofit runs a 300 year old National Historic Landmark and historic museum site which interprets our complex, and often difficult, shared history. With a full and varied range of programming to include education programs and field trips, tours, cultural events, recreational opportunities, a working farm that donates produce to our local community, our Common Ground Initiative supported by our Descendant community, and much more. Historic Sotterley is truly an exceptional educational and cultural resource for our community, our State, and our Nation.

Historic Sotterley is unlike many museums, however, in that it is not owned by a county, state or federal agency, and it does not have an endowment to support its operations. This means we need to earn and work for the funds needed to support our efforts and our mission, and this makes for a pencil-thin budget with often no reserve accounts to serve as a cushion. Despite our challenges, we have never wavered in our dedication to improving how we serve our community, and we have made many advancements over the years of which we are incredibly proud. Generous grants from the State of Maryland have been responsible for a great many of these important projects and advancements.

There are many grants which I have hesitated to apply for, however, because I know that most state grants work on a reimbursement basis which is difficult for small organizations like ours. Cash flow is everything for a small nonprofit, and we typically do not have funds in reserve to fall back on. It can sometimes take months and months after paying a bill to work our way through the reimbursement process, and we have had to draw on our operational line of credit which then incurs interest payments we will not be reimbursed for, as well as tying up our line of credit and making it unavailable for critical operational expenses such as payroll. If the invoices are large, or there are many invoices that must be paid in a tight time frame, it can be even more challenging to navigate cash flow. We have even had to delay paying other bills when funds became too tight, hoping somehow that the people to whom we owe money will be understanding. They also have operational needs, however, and cash flow is a problem for them as well.

Another challenge in the grant reimbursement process for nonprofits is that sometimes there are also reimbursement thresholds which must be reached which can push out even further when a nonprofit can actually request payments and reimbursements. The passage of SB112 will ensure that part of the very real concern nonprofits have about applying for grants will be addressed. They can finally have some assurance that they will not have to wait months and months to finally be reimbursed for submitted invoices, and can be more certain of the time frame when they can expect to receive reimbursement. It might make a many nonprofits more willing to apply for some grants. To ensure prompt payment may require funding additional positions to be hired at the state level, but a more efficient working of the grant system will ensure that a great number of very important projects and works can actually take place.

Nonprofits are small businesses that do huge things for our communities. I support SB 112, and please know that your support of this bill is in fact supporting all of the many nonprofits that are working every day to make Maryland a better place for all.

Historic Sotterley Inc's Mission: Preserve our historic structures and natural environment and use the powerful stories of our land, lives, and labor to bring American history to life while serving as an educational and cultural resource.