



Working to end sexual violence in Maryland

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Testimony Supporting House Bill 328
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The Maryland Coalition Against Sexual Assault (MCASA) is a non-profit membership organization that includes the State's seventeen rape crisis centers, law enforcement, mental health and health care providers, attorneys, educators, survivors of sexual violence and other concerned individuals. MCASA includes the Sexual Assault Legal Institute (SALI), a statewide legal services provider for survivors of sexual assault. MCASA represents the unified voice and combined energy of all of its members working to eliminate sexual violence. We urge the Health & Government Operations Committee to report favorably on House Bill 328.

House Bill 328 – Requiring Timely Payment of Grant Funds

Maryland supports survivors of sexual assault, child sexual abuse, sex trafficking, and other crimes through grants of state and federal funds. These grants are generally to non-profit organizations, and these agencies often operate with limited resources. Grants provide core support for salary, benefits, and operational expenses. With the help of grants from Maryland, survivors receive counseling, shelter, legal services, advocacy, and other help. HB328 will help address the delays in disbursement of grant funds that rape crisis centers and others repeatedly experience with Maryland grant awards.

Many state agencies, including the Governor's Office of Crime Control, Youth, and Victim Services, require that grant recipients front funds to use for grant activities and then the state provides reimbursement. Previously, some larger grants used a monthly reimbursement schedule, and smaller grants a quarterly reimbursement schedule, but recently even some larger grants have been moved to a quarterly schedule. This means that a full quarter of expenditures be made prior to reimbursement. In theory, grant reimbursements are to be made within 30 days, but they frequently take far longer. This means, as an example, that a rape crisis center would expend payroll and other expenses for 3 months (one quarter), and then file for reimbursement within 30 days, and then wait another 4 or 5 or more weeks for reimbursement. This is untenable. Many non-profits, particularly smaller organizations in rural communities or those devoted to discrete underserved populations, cannot carry the State of Maryland for the weeks and months it takes to get paid for work already performed.

Sexual assault and rape crisis programs share some of their perspectives:

...for us as a small non-profit, this has posed a great challenge through the years. Our monthly expenses run anywhere between \$40,000-\$70,000. It is not uncommon at all for grant payments to arrive 10-12 weeks after the end of a month or quarter. While we do receive donations and we do fundraise, our flexible fund revenue isn't nearly enough to create the cash flow needed to cover those expenses for 10-12 weeks after a monthly reimbursement request. And for those grants that are quarterly, we must carry those 3 months, in addition to the weeks after waiting for payment. We are lucky enough to have a bank that has given us an unsecured \$100,000 line of credit, which is the only way we can operate. However, we then end up paying interest on it, which could be used for other things. We are very grateful for this line of credit, however, because our previous bank would not provide a line of credit over \$50,000, which simply wasn't enough.

... we have experienced enormous stress as a result of Maryland's failure to pay their bills on time. More than once, I have loaned my agency money so we make payroll, but there is only so much I can do. It's important to remember that we run a tight ship and are fiscally responsible. This is just a question of the State failing to do what they promised to do. We almost missed payroll at Christmas time one year. I'm lucky that our Delegate intervened and cash arrived in time

...the delays in payment create some of the greatest challenges for our non-profit agency. We help child survivors who have had horrible things happen to them, adults who have been raped, students assaulted at school, and other victims and survivors of sexual violence. Our staff works hard, and are paid so much less than they would be paid in the private sector. It just feels disrespectful that the state of Maryland can't pay us on time. Sometimes they have our funds for months and months. We can't charge them interest, but we incur interest expenses if we have to take a loan so we can pay our staff.

... My organization has been providing services for over 40 years in southern Maryland. We have approximately 20 staff members and serve over 2000 individuals a year, providing victims of domestic, dating and sexual violence with everything from shelter to crisis intervention to legal representation and more. Many of our staff members live paycheck to paycheck, and do not have a "cushion" if their payroll is not on time. Similarly, if our nonprofit doesn't receive our reimbursements on a timely basis, we do not have the funds to cover the state reimbursements until they arrive. On at least five occasions over the past 2 years, our funding was significantly delayed. Once our reimbursements did not arrive until 74 days after we requested them. This meant that employees would not get payroll. I had just sold my home and had the profits in my personal account in anticipation of putting a down payment on a new home. So I used that money to cover the next two payrolls until the funds were finally received. In two of the other instances, one of the counties we serve was gracious enough to advance us funds from a future quarter. On the other two occasions, we borrowed money.

...It is unrealistic to think that a small nonprofit will have reserves to cover grant funds. Through very careful monitoring of our budget and saving every penny of donated unrestricted funds possible, we've built up a small cushion over the years, but it could not carry us for any significant period of time. As it was (and as it is), many reimbursements come on a quarterly basis: the result is that each quarter, we are paying out personnel and operational costs for anywhere from 2 weeks to 4 months prior to receiving reimbursements...and that's assuming they are paid on time (i.e. we pay two weeks of payroll on July 15th, for the first two weeks of the quarter. However, we are not allowed to bill for it, and do not receive reimbursement for that, until the end of that quarter, on September 30th. We then receive the funds sometime in October, if things go smoothly). To know that reimbursements would reliably processed in a more timely manner would make a huge positive difference.

*... it's amazing to me that the federal government is so much better at paying on grants than Maryland is. Federal grants will allow us to both get reimbursed promptly and also to request funds that will be expended within 10 days. **When we request funds awarded under a federal grant and administered by the federal government, the money is in the bank within days – sometimes less than 24 hours.** Maryland should be at least as good as the federal bureaucracy.*

It is important to remember that sexual assault programs and other non-profits have many of the same responsibilities as other small businesses: payroll, rent, health insurance for employees, utility payments, etc. HB328 would help improve the financial health of rape crisis centers and let them focus on helping survivors.

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urges the Health & Government Operations Committee to
report favorably on House Bill 328**