



TESTIMONY

HB 328

Health and Government Operations Committee

February 22, 2023

Position: FAVORABLE

Dear Chair Pena- Melnyk and Members of the Health and Government Operations Committee

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

CDN urges your support for House Bill 328 to provide nonprofits delivering state services similar assurance payment on their reimbursable grants that is already in law and regulation for procurement contracts.

Our ‘prompt pay’ laws, and the regulations that set standards for review of invoices, do not apply to the reimbursable grant agreements that are used with most state grants for the provision of health, education or social services by nonprofits. Throughout the pandemic organizations working to build affordable housing, complete revitalization projects and help to prevent foreclosures throughout the state of Maryland have experienced delays in payment.

The community-based sector continually face criticism for not “acting like businesses” but when they do and expect payment for work completed, they get bureaucratic responses to their inquiries. Further, the sector provides vital services in communities throughout the state of Maryland. Without these services, disinvested communities have few actors working toward positive change and support. As a result people needing housing, workforce development, housing counseling, legal services and other nonprofit services do not get what they need.

Nonprofits in Maryland routinely wait several months for an initial payment on programs with considerable start-up costs. Payment delays make participation in government programs even more difficult for service providers, particularly disadvantaging smaller and younger nonprofits often led by people of color, that are less likely to have any substantial reserves or lines of credit.

We respectfully request a favorable report for HB 328.

Submitted by Claudia Wilson Randall, Executive Director

