



DELIVERY OF LEGAL SERVICES COMMITTEE

POWERED BY MARYLAND ACCESS TO JUSTICE COMMISSION & MARYLAND STATE BAR ASSOCIATION

BILL NO: House Bill 328
TITLE: State Finance & Procurement – Grants – Prompt Payment Requirement
COMMITTEE: Health & Government Operations
HEARING DATE: February 22, 2023
POSITION: **Favorable**

The Delivery of Legal Services Committee (DLS) of the Maryland Access to Justice Commission was formed to promote the fair administration of justice in the State of Maryland. The Committee supports and encourages free or low-cost legal services for people of limited means through legal services programs for the indigent, public interest legal organizations, *pro bono publico*, reduced fee, and other alternatives to traditional fee-for-service representation to provide access to the courts, and court alternatives for the resolution of disputes. The areas include legal practice and legal reform for the indigent and persons of modest means, for example, civil rights, consumer advocacy, civil and criminal legal services, and lawyer referral services. The Committee is comprised of a mix of practicing attorneys, including those working for civil legal aid organizations, private practitioners, and government attorneys, who all share a common goal: increasing access to justice.

House Bill 328, if enacted, will bring “payment parity” to nonprofits delivering state services so that these providers will receive the same security for prompt payment that is already in law and regulation for procurement contracts. Under current law, prompt payment 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 countless nonprofits who serve an almost endless number of Marylanders. Nonprofits in Maryland continually face delays in payments on grants that often extend several months. Additionally, they are often forced to wait several months for an initial payment on a program with considerable start-up costs, including postponing the hiring of critical staff necessary to implement programming. This works to make participation in government programs even more economically difficult for service providers.

Many legal services organizations receive a significant portion of their income from such state grants. Without this funding legal services staff would be unable to provide direct representation of survivors of domestic violence as they seek protective orders against their abusers, assist tenants facing eviction, or provide other critical legal representation. This work is done free of charge and it would not be possible without the financial support of state grants. Yet, if the organizations were forced to continually front significant portions of this funding, without any guarantee of prompt repayment, it would be untenable. This is particularly true for smaller and younger nonprofits often led by people of color.

For these reasons, the DLS strongly supports HB 328 and urges a favorable report.