



**State Government - Grants and Contracts - Reimbursement of Indirect Costs Position:  
Favorable**

January 22, 2025

The Honorable Guy Guzzone, Chair  
Senate Budget and Taxation Committee  
3 West, Miller Senate Office Building  
Annapolis, Maryland 21401  
cc: Members, Senate Budget and Tax

Honorable Chair Guzzone and members of the committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights, equity and housing justice for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

Senate Bill 127 will raise Maryland's minimum rate from 10% to the 'de minimis' rate established in Subpart E of OMB Uniform Guidance", now 15%, and automatically link to any future OMB increases.

One of the reasons Maryland adopted its current minimum indirect rate was to help simplify the state grant process by adopting the same standard that agencies were required to follow with most federally funded agreements. Matching the new federal standard is simply a common-sense update.

By using the standard 'as set by' OMB, instead of adopting just the current 15% rate, these bills assure that future changes in federal regulations don't require repetitive legislative actions.

Most importantly the current 10% rate is widely acknowledged to be not only inadequate, but a contributing factor to the "starvation cycle" that destabilizes nonprofit providers. Since the 10% rate was set nonprofits have suffered through the pandemic and many have seen charitable contributions decline in real terms. Past studies by the U.S. Government Accountability Office found that underfunding providers negatively impacts the quality of their services and financial sustainability. In the current moment, the people and communities these organizations serve on

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behalf of government faces the real threat of limitations or cutbacks in both state and federal support that would only further increase demands on nonprofits for services.

As a small nonprofit with a budget of \$1.2 million, Economic Action serves more than 400 older adults annually, returning more than \$400,000 in tax credits to them this year, directly works with 700 tenants to assist with problems with landlords, as well as 150 individuals facing housing discrimination through our fair housing program. We touch every county in the state. You can read more about our impact [here](#). The low indirect rate is difficult for our organization.

For all these reasons we support SB127 and urge a favorable report.

Best,

Marceline White  
Executive Director

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