



January 20, 2025

Senator Cheryl C. Kagan  
2 West Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

Dear Senator Kagan,

I am writing on behalf of Gunpowder Valley Conservancy (GVC) to express our strong support for Senate Bill 127 [House Bill 300], which proposes increasing Maryland's minimum indirect cost rate from 10% to align with the federal de minimis rate established in Subpart E of OMB Uniform Guidance, currently set at 15%. This critical adjustment will ensure nonprofit organizations are fairly compensated for their overhead costs, supporting sustainability and enhancing service delivery across the state.

GVC is a Baltimore County-based nonprofit land trust and watershed restoration organization committed to preserving and restoring the Gunpowder Watershed. Our work includes large-scale tree plantings to help Maryland reach its goal of 5 million trees by 2031, rain garden installations to reduce nutrient runoff into the Bay, and land preservation for future generations. These projects depend heavily on grants, which currently fund 60% of our operating budget.

The proposed increase to 15% is essential to help us recover the true indirect costs necessary to sustain and expand our mission. These expenses include:

- Identifying and managing planting sites
- Maintaining compliance with regulatory requirements, such as audits, insurance, and licenses
- Managing data and reporting for federal, state, and county grants
- Providing staff benefits to retain skilled employees
- Outreach and volunteer recruitment efforts critical to fulfilling grant obligations

Maryland's current 10% rate has not kept pace with rising costs, forcing GVC to rely heavily on fundraising to cover these gaps—a challenge shared by many nonprofits facing increased expenses and declining charitable contributions. By aligning with the federal standard, this legislation simplifies the grant process, ensures fair compensation for overhead costs, and helps organizations like ours focus on delivering services rather than struggling to fill funding shortfalls.

This modest adjustment also addresses the “starvation cycle” that undermines nonprofits' ability to sustain operations and deliver quality services. Additionally, tying Maryland's rate to the federal OMB standard ensures future adjustments are automatically reflected, eliminating the need for repeated legislative updates.

Inadequate funding for indirect costs jeopardizes the financial stability of nonprofits and limits their ability to serve Maryland's communities effectively. Increasing the rate to 15% is a pragmatic solution that will strengthen nonprofits and enable us to better fulfill our missions.



**GUNPOWDER  
VALLEY**  
CONSERVANCY

Thank you for your attention to this important matter. I urge you to support Senate Bill 127 [House Bill 300] to create a fairer, more sustainable funding structure for Maryland's nonprofit organizations.

Sincerely,

*Lindsay Crone*

Lindsay Crone  
Executive Director  
Gunpowder Valley Conservancy