

Senate Budget & Taxation Committee
January 22, 2025

Senate Bill 127

State Government - Grants and Contracts - Reimbursement of Indirect Costs

Support

The Association of Community Services (ACS) of Howard County, a 501c3 nonprofit, is a membership organization serving nonprofit agencies in our community. Our members provide critical services ranging from mentoring to food assistance, housing, legal services, transportation, and more.

ACS of Howard County supports Senate Bill 127, which will raise Maryland's minimum rate for indirect costs from 10% to the de minimis rate of 15% established in Subpart E of OMB Uniform Guidance and increase the rate automatically in the future with any additional OMB increases.

The current 10% rate is woefully inadequate. It is common for project grants from the State to actually "cost" nonprofits money because their indirect costs for implementing these projects are not covered. Funding for nonprofits has always been a challenge, but it has become increasingly difficult since the pandemic. Without adequate funding for operations, nonprofits are struggling to recruit and retain the staff they need to effectively and efficiently provide the services so many Marylanders rely upon.

The State depends on nonprofits to deliver a wide range of essential services. Please support this bill to enable nonprofits to continue to do so.

We urge a favorable report on Senate Bill 127.

Submitted by,

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