

Testimony in Support of SB 127 Senate Budget and Taxation Committee
January 22, 2025

Chairman Guzzone, Vice Chair Rosapepe, and Members of the Committee, Thank you for the opportunity to testify in support of SB 127, "State Government – Grants and Contracts – Reimbursement of Indirect Costs." My name is Alyssa Sanders, and I serve as the Advocacy Director at EveryMind, a nonprofit organization that has been at the forefront of mental health services in Maryland for over 65 years. EveryMind is one of the largest providers of school-based mental health services in Maryland, operating in over 40 schools and reaching thousands of youths and families each year.

We commend Senator Kagan for her leadership on this issue and urge a favorable report on SB 127. This bill is a crucial step toward strengthening the nonprofit sector and ensuring that organizations like EveryMind can continue to serve Marylanders effectively.

SB 127 addresses a critical issue for nonprofit organizations like EveryMind by requiring state grants and contracts to include reimbursement for indirect costs at a rate not less than the organization's federally negotiated indirect cost rate or, if no such rate exists, a de minimis rate of 15% to match OMB's minimum guidance. This legislation is essential for ensuring the sustainability of nonprofits that provide vital services to Maryland's communities.

Indirect costs encompass the essential expenses that keep nonprofits operational - things like rent, utilities, technology infrastructure, and administrative support. Despite their critical nature, these costs are frequently underfunded or excluded from state contracts, forcing nonprofits to absorb the gap or divert funds from program delivery. This creates a financial strain that jeopardizes the very programs that Maryland residents rely on.

For EveryMind, the inability to recover indirect costs fully means that we face challenges in maintaining the infrastructure necessary to support our programs, including our 988 Suicide and Crisis Lifeline call center, school-based mental health services, and veteran support programs. These programs are lifelines for individuals in crisis and critical to the well-being of our communities. Without adequate support for indirect costs, our ability to meet the growing demand for mental health services is significantly hindered.

By aligning state grants and contracts with federal standards for indirect cost reimbursement, SB 127 ensures fairness and sustainability. It acknowledges the true

cost of delivering services and supports the long-term viability of nonprofits that are indispensable partners in achieving Maryland's public policy goals.

Thank you for your consideration. I am happy to answer any questions the Committee may