



**Senate Budget & Tax Committee**

**January 22, 2025**

**Senate Bill 127 - State Government - Grants and Contracts - Reimbursement of Indirect  
Costs  
Support**

NCADD-Maryland supports Senate Bill 127, a bill to raise Maryland's minimum indirect cost rate to the federal standard. The language in the bill changes the static, specific percentage, to the standard set by the Office of Management and Budget (OMB). This will eliminate the necessity for Maryland to change its law when that standard changes.

More importantly, the current rate of 10% is inadequate. When small nonprofits do not have enough overhead in a grant to pay for administrative costs, it contributes to financial instability. Health insurance, rent, and energy costs continue to rise and this cap on indirect costs means we have to spend more time trying to raise funds that come without restrictions which can take away attention to providing quality services.

NCADD-Maryland has seen this problem impact small, community-based nonprofits that engage in harm reduction, recovery support, and outreach programs. When grants better cover costs, more time is spent providing services instead of fundraising. Given the level of opioid overdose deaths being experienced in Maryland, this legislation would help programs operate more efficiently.

The Maryland General Assembly established the Maryland Efficient Grant Application Council in 2020 to work on establishing a standardized grants process for the state, to be consistent with the OMB Uniform Guidance. This legislation would help create more consistency.

With fewer people making charitable contributions across the board, with an unprecedented state budget deficit, and with great uncertainty about changes in health and social services at the federal level, NCADD-Maryland believes Senate Bill 127 will support those doing the work our communities rely on.

We urge a favorable report on Senate Bill 127.