



Advocating better skills, jobs, and incomes

Testimony for Senate Bill 127

State Government - Grants and Contracts - Reimbursement of Indirect Costs

TO: Hon. Guy Guzzone, Chair, and Members of the Senate Budget and Taxation Committee

FROM: Job Opportunities Task Force

DATE: January 22, 2024

POSITION: Support

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF supports Senate Bill 127, which would allow nonprofits to reimburse indirect costs at the *de minimis* rate of 15% as opposed to 10%.**

JOTF is one of the many nonprofits that provides key services to low income Marylanders. Historically, a significant portion of this work for JOTF and our peers is through state grant funding. All grants have reporting and compliance requirements, but the requirements for state grants are often more extensive than the requirements from privately funded grants. Reimbursing indirect costs help nonprofits by supporting projects and alleviating the extra burden of reporting requirements.

Nonprofits have faced an overall increase in operating necessary services in addition to what it takes to complete reporting requirements. Many had to adapt to changes caused by the pandemic and are still recovering from the effects of COVID-19. Also, there has been an increase in cost related to time and infrastructure. Nonprofits must allocate staff to track requirements and ensure compliance. There is also the cost of building and maintaining the infrastructure to measure outcomes. These costs can prevent nonprofits from receiving critical funding.

The Office of Management and Budget (OMB) received feedback from nonprofits throughout the country and decided to increase indirect cost reimbursement from 10% to 15%. Maryland should mirror the federal government and ensure that nonprofits are not underfunded and can continue to provide essential services throughout the state.

For these reasons, JOTF supports Senate Bill 127 and urges a favorable report.

For more information, contact:

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