



**Committee:** Senate Budget and Taxation Committee

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

**Hearing Date:** January 22, 2025

**Position:** Support

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The Coordinating Center supports *SB 127- State Government - Grants and Contracts - Reimbursement of Indirect Costs*. The legislation aligns the State's de minimis rate with the federal rate for contracts and grants with nonprofit organizations. The de minimis rate determines coverage of indirect costs. At the federal level, the rate is set by the Office of Budget and Management (OMB).

The Coordinating Center supports this legislation because it would provide financial predictability for non-profit organizations. Currently, the de minimis rate is set in State law. Thus, it requires legislation to change the rate. The federal rate is set in regulation. OMB is considering raising the de minimis rate from 10% to 15%, as reasonable indirect cost far exceed 10%.

We ask for a favorable report to support non-profit organizations. Non-profit organizations are partners with the State of Maryland in implementing State programs across a wide range of sectors including health, social, education, and transportation services. If we can provide any additional information that is helpful, please contact Robyn Elliott at [relliott@policypartners.net](mailto:relliott@policypartners.net).