



To: House Appropriations Committee

For: SB 376 – Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

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Thank you for the opportunity to present this testimony in favor of increasing the amount of money available in the NIMBL Fund by \$250,000.

I have worked as a fundraising consultant to dozens of nonprofit organizations in Maryland since 2000, and I am testifying today on their behalf, as well as on behalf of the thousands of other small to mid-size nonprofits in Maryland – those with annual budgets in the range of \$300,000 to \$5 million per year. With my assistance, over the years my clients have applied for and received hundreds of grants and contracts from various state and local government agencies and departments. These have ranged from a \$2,000 grant from a county council special appropriation to a \$1.2 million contract with MSDE.

That's the good news. The bad news is that from the time that the nonprofit organization receives the email saying, "Congratulations, your grant application has been approved" to the time that the organization actually receives a check can be many, many months. Often, the organization is expected to start delivering the services immediately – even though they don't have a signed contract and they don't have the funds in hand.

The procedure that we usually have to follow has a series of steps, each of which can take several weeks to several months. First, we have to finalize the details of the contract and get it signed by numerous people at the nonprofit and in the state or county agency. Then, the

organization is allowed to submit a request for the first payment under the contract, usually up to 15 percent of the total grant award for the first year. Then we usually have to wait several weeks to several months for this first payment to appear.

After that, the organization is expected to expend the funds to operate the program, purchase program supplies, pay their staff, and then – either monthly or quarterly – submit copies of invoices and canceled checks for reimbursement. These reimbursement requests can also take several months to be fulfilled.

Meanwhile, the organization is expected to continue operating the program and expending funds, with the mindset that, “well, we’re going to get reimbursed eventually...”

That works OK for organizations that have solid financial reserves and ample cash flow. But that doesn’t describe most of my nonprofit clients, or many other nonprofit organizations that I know about, either. Most are operating with extremely tight budgets with very limited cushions to cover their expenses; the coronavirus pandemic has only served to exacerbate this situation. When it takes many weeks or months to receive money that has been committed to them by a state or local government entity, it can put an organization over the edge. They simply do not have the capacity to absorb the delays in reimbursements that can last for many months. They have trouble making payroll or paying their vendors and sub-contractors, thereby diminishing the effectiveness of their services to needy Marylanders.

A short-term, interest-free loan from the NIMBL Fund would be a godsend to these organizations, but this fund can only fulfill its purpose if the nonprofit organizations that need it have ready access to it. Increasing the amount available in the NIMBL revolving loan fund will ensure that this happens. A quick-turnaround loan of up to \$25,000 will go a long way towards seamlessly continuing and solidifying the important services that my clients and other Maryland nonprofit organizations provide while they are waiting for payments that have been committed to them from various state and local government agencies.

Thank you again for the opportunity to present this testimony.