



Maryland Consumer Rights Coalition

Testimony to the Senate Education, Health, & Environmental Affairs Committee
SB336: State and Local Procurement - Payment Practices
Position: Favorable

February 3, 2021

The Honorable Paul Pinsky, Chair
Senate Education, Health, & Environmental Affairs Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Education, Health, & Environmental Affairs Committee

Chair Pinsky and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of SB336.

This bill is designed to address an ongoing problem for nonprofit organizations -- long delays in funding from government sources. The majority of government contracts are reimbursable -- meaning nonprofits must perform the work prior to payment. Government bureaucracy further extends the timeline on reimbursements -- a recent RFP that MCRC received stated that applicants must be prepared to operate for up to six months before receiving reimbursement.

This lag-time between doing the work and receiving payment for work completed has very real implications on the work nonprofits perform. MCRC's fair housing and tenant rights program is funded almost exclusively through government contracts. Since MCRC's adoption of FHAC in 2019, we have executed contracts with multiple municipalities totalling \$585,000. To date, just \$35,744 has been received. This delay in reimbursement has made it financially infeasible to fully staff our programs, which forces our staff to do the work of multiple people in order to complete the deliverables. Shortening the timeframe within which State agencies must make payments under procurement contracts would allow us to hire the staff and purchase necessary supplies and equipment to execute these contracts.

For this reason, we support SB336 and urge a favorable report.

Best,

Isadora Stern
Economic & Tenants' Rights Organizer