

March 24, 2021

Testimony on House Bill 1210
Corporate Diversity - Board, Executive Leadership, and Mission
Senate Finance Committee

Position: Support- Amend

Maryland Nonprofits is a statewide association of more than 1200 nonprofit organizations and institutions. While there are questions about its implementation that should be addressed by amendment, we applaud and strongly support the concept and intent of this bold initiative, and we urge its adoption. Maryland Nonprofits' commitment and advocacy for board and organizational diversity of nonprofits is reflected in the best practice guidelines of our ***Standards for Excellence Program***, our training and consulting work with members and other organizations, and our internal practices.

Our ***Standards for Excellence*** code of management and accountability best practices has long included a direction that *"Board membership should reflect the diversity of the communities served by the organization."* The ***Standards*** currently state that *"The board should establish a rigorous board development strategy for recruiting and selecting new members and ensuring that the board has an appropriate mix of talent, connections to the community, and diversity."*

Most nonprofits across the state recognize the importance of diversity and inclusion to effectively achieving their missions, but in a recent survey more than half conceded that they need to do more.

We support House Bill 1210. But based on concerns we have heard from members, that we share, about its implementation by regulation, we are asking for an amendment regarding those regulations.

In addition to commercial entities the bill covers the wide range of nonprofit organizations, from large educational or medical institutions to small all-volunteer groups, religious organizations and family foundations. Terms in the bill such as 'demonstrate membership' of underrepresented communities or 'demonstrate support in the mission', can have a very wide range of potential interpretations or measurements, affecting nonprofit organizations' ability to conform. The bill's impact is unclear on groups that rely on other organizational structures, such as advisory boards or councils, to assure equity, diversity or inclusiveness in their decisions and activities.

There are no specific criteria on the nature of the 'scorecard' with respect to how entities' missions can show 'support' for disadvantaged communities. Other questions include how scorecards will fairly score or compare diverse organizations to one another for the public's information. All of this is left to regulations to be promulgated by the Department of Commerce and the Office of Small, Minority, and Women Business Affairs.

Again, we support House Bill 1210 and endorse its objectives. We believe these concerns can be resolved by adequate opportunity to review the implementing regulations before the 2022 legislative session. For this reason, we urge you to **amend the bill to require that regulations be prepared for public comment by the end of this calendar year, to allow for public review and, if necessary, legislative clarification, before the bill is scheduled to take effect.** House Bill 1210's effective date is already set for July 1, 2022, allowing adequate time so that this amendment would not delay its implementation.

The bill has raised other questions that should also be considered, if not now in the future, including:

- the implication for other marginalized and underrepresented groups, such as persons with disabilities or members of the LBTQG community, with regard to "state benefits" and other state laws related to equity, diversity and inclusion; and
- the lack of diversity or inclusiveness of state and local government boards and commissions, and executive agencies.

In conclusion, we urge you to give House Bill 1210 a favorable report, but to include an amendment that assures the opportunity for review of those regulations prior to the 2022 legislative session.

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