



March 20, 2020

Larry Hogan Jr.
Governor
100 State Circle
Annapolis, MD 21401

Peter Franchot
State Comptroller
80 Calvert Street
Annapolis, MD 21404

Adrienne A. Jones
Maryland House Speaker
State House, H-101
100 State Circle
Annapolis, MD 21401

Boyd Rutherford
Lt. Governor
100 State Circle
Annapolis, MD 21401

Nancy K. Kopp
Maryland State Treasurer
80 Calvert Street
Annapolis, MD 21404

Bill Ferguson
President of the Senate
State House, H-107
100 State Circle
Annapolis, MD 21401

RE: Emergency Relief to State Service Providers

Dear Governor Hogan and State Leadership,

Nonprofit service providers are a critical partner to the State of Maryland in delivery of essential programs and services to Maryland's residents. We greatly appreciate the swift action by both Executive and Legislative branches, indeed a model for many other states and the federal government, to protect Maryland residents and be attentive to those most vulnerable. These actions to prevent evictions, cease utility shut offs, and ensure food distribution sites have been critical. This letter is intended to provide some immediate additional measures that the state and local jurisdictions can take, most of which can occur within current state appropriations and would not require additional resources. These measures would have an enormous impact on the nonprofit sector's ability to weather this storm.

Nonprofit organizations employ 12.9% of Maryland's private workforce and are vital to our economy as well as our role in meeting critical community needs. Nonprofits may have difficulty fulfilling their deliverables on state grants and contracts due to the necessary public health response to this emergency and the impact it will have on all parts of the economy. Significant disruptions in state grants and contracts could trigger massive layoffs or even permanently shut down organizations providing health services, child care, shelter, food assistance, senior care, and many other essential services in our state.

Nonprofit organizations serve homeless citizens and Maryland's most vulnerable residents, including seniors, people with disabilities, and adults and children with severe mental health needs. Other sources of revenue, such as fundraising events and fees for service are wiped out due to the pandemic. The following recommendations will help ensure these critical safety net organizations can be of service and survive through this human and economic crisis.

1. **Special attention and funding are needed for the homeless population in Maryland.**

Homeless individuals are not able to shelter in place, wash their hands, or take other recommended precautions to stay safe. They are also more likely to have underlying health conditions and a high volume of infection among this population will seriously stress our health system. Emergency funding to agencies that provide housing, healthcare, and other services to homeless populations are needed, as well as creative responses to relieve existing shelters that do not have enough distance between beds to keep the virus from spreading.

2. **Maintain customary payments to nonprofits that have current grants and contracts.**

If a nonprofit cannot fulfill its deliverables on a state contract or grant due to circumstances related to the COVID-19 pandemic, then we urge that state agencies be directed to allow billing to the contract based on customary deliverables (on the basis of average prior billings, or prior census of clients served) without penalty for inability to meet deliverables. Otherwise, forced layoffs of often hard-to-hire professional staff will seriously impact state services in the immediate future.

3. **State agencies should be allowed to temporarily loosen grant and contract reporting, application, and renewal requirements,** following the lead of the federal Office of Management and Budget (OMB) ([link to OMB directive](https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-11.pdf)), for both federally and state funded agreements. [www.whitehouse.gov/wp-content/uploads/2020/03/M-20-11.pdf]

4. **Pay current invoices quickly.**

A simple measure that will have a big impact is to pay current invoices from nonprofits (and businesses) on an expedited basis. State agencies often hold valid invoices for weeks or months prior to payment. An executive order requiring immediate and expedited payment of all current invoices will have an immediate positive impact on agencies' ability to make payroll and other obligations.

5. **Ensure Unemployment Insurance Holds Nonprofits Harmless.**

With respect to other relief to the general business community, to the extent that there are temporary changes to unemployment insurance (UI) benefits, it is important to consider that nonprofits have the option of self-insuring and reimbursing the state for UI claims rather than paying SUTA based on experience rating. **We would support efforts to hold harmless businesses and nonprofits for UI claims resulting from this pandemic by not charging temporary benefits to their experience rating. However, it would be**

essential for any such policy to have a parallel provision ensuring that nonprofits that elect to reimburse are also held harmless.

6. Utilize Nonprofit-Appropriate Tax Relief.

Any direct assistance to employers through a corporate or income tax mechanism will likely leave out nonprofit employers. **Any future employer tax benefit should be available to nonprofit employers, either by making the tax mechanism relate to taxes that nonprofits pay (such as payroll taxes), or by using a grant mechanism for nonprofits.**

7. Please direct local jurisdictions and intermediary organizations to apply the same principles of maintaining customary payments, prompt payment of invoices, and loosening regulatory and contract requirements described above.

Finally, we ask that a single **point of contact** be appointed for us to work with the State on following through on these relief measures.

Thank you very much for your exemplary leadership in Maryland. As leaders of networks of nonprofit and philanthropic organizations, we are partners committed to helping Marylanders sustain health and safety in the midst of this pandemic. Please do not hesitate to contact us if we can be of assistance.

Sincerely,



Heather Iliff
President & CEO
Maryland Nonprofits



Celeste Amato
President & CEO
Maryland Philanthropy Network



Franklyn Baker
President & CEO
United Way of Central Maryland