



FY20 Nonprofit Budget Priorities

In order to provide essential services to our community’s most vulnerable, the County’s budget must allow nonprofits with county grants and contracts continued sustainability.

BUDGET FOR INCREASES to County contracts with nonprofits by at least **3% in all departments**, not just HHS. Ideally increases would be included in the County Executive budget, but since contracts are flat-funded we ask the Council to **add contract increases**.

Why:

- Nonprofits are key partners in addressing community needs and provide essential services on behalf of County government.
- Proposed increases for County employees range from 5.5% to 9.4%, nonprofits who are doing work on behalf of the county need the same.
- Costs of doing business rise each year and nonprofits costs are impacted by County budget and policy decisions.
- Due to minimum wage increases, nonprofits will have to raise the salaries of low wage workers between **3.5 and 6% each year** to get to \$15 per hour by 2024 (see below.)
- Nonprofits leverage county funding for additional dollars.
- The County relies on a strong nonprofits sector to provide effective services that help county residents thrive.
- Budget impact of a 3% increase on approximately \$50 million in nonprofit contracts at DHHS is \$1.5 million.

Interfaith Works Analysis of Wage Increases Needed to Achieve Minimum

MoCo Minimum Wage*	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
% increase to get to	\$12.00	\$ 12.50	\$13.25	\$14.00	\$14.50	\$15.00
Minimum Wage		4.2%	6.0%	5.7%	3.6%	3.4%

* Minimum wage for nonprofits with 11 or more employees under enacted bill 28-17

Nonprofit organizations are an economic force in Montgomery County, employing one of every 10 workers and spending close to \$8 billion each year.

About Montgomery County support for nonprofits:

Contracts

The County contracts with nonprofit organizations for services provided to county residents, including emergency shelter, food, counseling, health care, youth development, job training and more. The County saves money by contracting with nonprofits for essential services. The majority of contracts are in the Department of Health and Human services for a total of roughly \$50 million. The Departments of Recreation, Housing and Community Affairs and other departments also contract with nonprofits.

Contract inflationary adjustments acknowledge that the cost of doing business and delivering services to residents increases each year. This is the only mechanism to increase funding in base contracts, which are typically renewed every four to six years. Most contracts are flat funded even upon renewal so that nonprofits must accept level funding or reduce the scope of service to meet rising costs.

Community Grants

Nonprofits compete for the County Executive and County Council Community Grants, which are awarded annually. Grants awarded become one-year contracts through the procurement process. Many critical programs are funded over time through Community Grants, adding a level of uncertainty that makes it difficult to plan for service continuity.

Nonprofit Montgomery is committed to ongoing work with County leaders to improve the grants and procurement processes.

About Nonprofit Montgomery

Nonprofit Montgomery is an alliance of nonprofit organizations serving Montgomery County, with a membership of over 160 local nonprofits. Nonprofit Montgomery works year-round to inform nonprofits about issues that affect them as businesses, and that affect the people they serve. We speak for the sector during important budget and policy debates. We communicate regularly with local elected officials and their staff to make sure they understand the needs of nonprofits. We also work with county departments to improve relations and work through policy and procedural issues. Nonprofit Montgomery strengthens the nonprofit sector by fostering collaboration and offering leadership development and learning opportunities, including the Financial Leadership Institute (FIRM) and Metrics and Outcomes for Responsible Evaluation (MORE).

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