



TESTIMONY OF COURTNEY HALL, CEO

Montgomery County Council | FY27 Budget Testimony
April 7, 2026 @ 1:30p

Thank you for the opportunity to testify, and for your Continued support of Interfaith Works. I am here to address two priorities at the core of Montgomery County's ability to serve its most vulnerable residents – stabilizing the nonprofit sector through a meaningful cost-of-living adjustment and investing in early intervention to avoid the far more expensive cost of emergency shelter.

8% COLA: Stabilizing the Nonprofit Sector

Montgomery County's nonprofits are at a breaking point. The organizations that deliver county-contracted safety net services are simultaneously absorbing surging demand, declining real revenues, and mounting operational costs. The result is a sector that is structurally underfunded at the precise moment the community needs it most.

On the demand side, we are serving significantly more clients than in prior years, and those clients present with greater urgency and complexity. Housing instability, food insecurity, mental health crises, and family economic distress are all converging at the same time. These crises require more staff time, stronger coordination, and a higher level of care for each person served.

On the cost side, we are facing steep increases in utilities, rent and facilities, commercial insurance premiums, and employee health coverage. These are unavoidable, non-discretionary expenses that current contract levels simply do not cover. At the same time, the administrative burden of managing county contracts has grown substantially, consuming staff capacity that should be directed toward direct services.

Our employees are doing more than ever. With increased demand and increasingly complex needs, our staff show up every day ready to help our neighbors access the services that help them meet their basic needs. That is hard work, and it deserves to be compensated accordingly. County staff compensation has increased by approximately 10% compounded over recent years. Nonprofits received 3% last year. That gap is not sustainable. When we cannot pay competitively, we lose experienced people, and the loss of institutional knowledge makes it harder to keep pace with what our community requires.

We are grateful for the County Executive's recommendation to include a 2.5% increase in the FY27 budget. It is a meaningful acknowledgment of the pressure our sector is under. But 2.5% does not cover the degree to which our expenses actually increased last year, therefore making it insufficient to maintain baseline operations, let alone support staff recruitment and retention. An 8% COLA is the minimum needed to hold the line.

We also urge the Council to move this COLA increase out of the reconciliation process and into the base budget. Keeping it in reconciliation exposes it to future cuts and creates the kind of uncertainty that makes long-range planning nearly impossible. Placing it in the base budget signals a durable commitment to the nonprofit sector's stability and the communities our organizations serve.

Without adequate support, experienced staff will leave, service capacity will shrink, and some organizations may face program reductions or closure. The county does not have government capacity in place to absorb those gaps. That is a risk for residents, and a risk the county should not take on.

Just as our organizations struggle to keep pace with rising costs, so do the neighbors who depend on our services. That brings me to one of our signature programs, Interfaith Works Connections.

IW Connections: Homelessness Prevention

I urge your support for IW Connections, Interfaith Works' program that assesses client needs, connects people to appropriate resources, and provides emergency financial assistance to residents facing utility shutoffs or eviction. This program exists because we believe that it is far less expensive to keep someone in their home than to shelter them once they have lost it.

What distinguishes IW Connections is the low-barrier philosophy. Most emergency assistance programs require a court summons or formal eviction notice before a resident qualifies for help. That threshold entangles families in the legal system and pushes them to the brink before they receive any support. IW Connections intervenes earlier. In fact, members of this Council and other county officials regularly refer constituents to us directly, because we are one of just a handful of programs that will provide financial assistance without first requiring people to appear in court.

This is a high-demand program, and every year we run out of money. Last year, we had to stop providing assistance while we worked to raise enough funding to resume services. That gap in service meant that in some cases, families in crisis had nowhere to turn during that time, through no fault of their own. It is simply the reality of running a vital program on philanthropic funding alone.

An FY27 county investment of \$449,098 would fundamentally change that picture. It would allow us to hire two additional Resource Coordinators, distribute \$256,000 in emergency rent

and utility assistance, and serve 570 additional households. It would mean the program is available when people need it, less subject to the natural cadence of fundraising.

Beyond financial assistance, IW Connections connects people to a wide array of community resources that address the underlying drivers of instability. This helps to ensure that the intervention becomes a pathway to more durable stability.

Every household we keep stably housed is a household that does not enter the emergency shelter system, which costs the county far more to operate and depletes resources that could otherwise be directed toward households with nowhere else to turn.

Conclusion

These two requests are related. A healthy nonprofit safety net sector, supported by fair contracts, can deliver the kind of early, integrated, and responsive service that keeps community members from reaching crisis. IW Connections is one example of what that looks like in practice.

We ask the Council to support an 8% COLA for county-contracted nonprofits, to move that increase into the base budget, and to invest in IW Connections for FY27. These are sound investments in prevention that protect county residents and make fiscal sense.

Thank you for your consideration.