

# *News Release*

## **Frontline Organizations Brief Comptroller's Workgroup on Pandemic Spending**

**Many challenges faced; Obstacles were overcome to provide aid to struggling Marylanders; Nonprofits & Immigrants lacked access**

**ANNAPOLIS, Md. (November 9, 2021)** - Comptroller Peter Franchot today hosted the fourth meeting of the Comptroller's Workgroup on Pandemic Spending, hearing from three stakeholders that represent thousands of Marylanders who faced hardships and required assistance during the past 18 months. Each presenter told the workgroup about the successes and failures of how federal and state funds were administered.

Representatives from the Local 7 Chapter of UNITE HERE, Maryland Nonprofits and the Maryland Small Business Development Center (SBDC) explained how their members struggled to secure relief aid in an inequitable system that seemed to favor those with more resources and well-placed connections.

“Today’s presenters know all too well the difficulties of getting pandemic aid to those who needed it — and still need it — the most. They verified what I have believed all along, which is companies that had resources to access these funds did, while those smaller, nonprofit and minority-owned entities did not,” Comptroller Franchot said. “Their candid comments about lack of parity and inequitable distribution of relief funds is a serious flaw that must be corrected. People are still struggling and it’s not too late to address the issues plaguing the distribution of aid, both for now and the future.”

Roxie Herbekian, president of the Local 7 Chapter of UNITE HERE, said the pandemic has had a devastating effect on their members employed in the hospitality sector, including hotel, gaming, food service, manufacturing, textile, laundry, and airport industries. She shared a chart displaying the percentage of

workers laid off through the first several months of the pandemic, showing that 100 percent of workers employed in hotels, event venues, airport food and beverage positions and casinos were laid off in April 2020 and many continue to be unemployed.

“Most of the employees in our sector do not have the choice not to work,” Herbekian said. “We don’t have a lot of people voluntarily not working. Child tax credits are helping employees return to work who need childcare ... workers want to come back to work.”

When the Comptroller asked if UNITE HERE’s members were accessing unemployment insurance benefits, Herbekian replied, “We were very familiar with the UI process due to the cyclical nature of these jobs. What worked for people before doesn’t work now. A committee of members tried to figure out what advice to give people. There was nothing standard about it. It was not a very competent roll out of a system. People would throw their hands up.”

Herbekian also added that the state unemployment system still has issues that need to be addressed.

“I think the state really needs to take a look at the unemployment insurance under Gov. Hogan. The amount that the companies pay into it was already down and I think it was depleted,” Herbekian said. “And I can only expect the difficulties that they had with technology, because it’s outdated and old. That’s still a problem. Tomorrow, if we went 100 percent layoff in an industry again, I don’t have any faith that it is better now than it was in 2020.”

Herbekian estimated that 15 to 20 percent of the combined 10,000 UNITED HERE members throughout Maryland are still waiting for unemployment benefits.

Heather Iliff, president and CEO of Maryland Nonprofits, explained how federal, state and local budgets are integral to community-based nonprofits.

“Nonprofits were meeting already existing needs in the communities and many pre-existing inequities that led to members of the community needing help. All of that work went through the roof. These organizations got little or no relief of any kind. The relief programs are designed ... for larger players,” said Iliff.

Iliff expanded on the different types of relief and how nonprofits accessed it. She expressed frustration that funds were not centralized, but rather distributed to each county and city and that fund programs were not designed for nonprofits’ organizational structure. Small venues continue to struggle, Iliff said.

“They (the Maryland General Assembly)... thought it would be more equitable to provide the money to each of the 24 counties and Baltimore City ... that ended up being a massively difficult, lengthy, problematic process because each county had to make up their thing [programs] from scratch, there were all kinds of different requirements in different counties, different amounts, different priorities ... We

would have liked that to be centrally managed, but just ensure that each of the jurisdictions get their share.” she said.

Comptroller Franchot recognized the state is still trying to find a way to help people in an efficient manner, saying, “That’s not what Maryland’s good at right now. A few less press conferences bragging about how everything is just great would be, I think, a recommendation that I would make...and a little more humility. They’re just not getting the job done.”

Naddia Clute, a bilingual business consultant for the Maryland SBDC in Montgomery County, discussed the need for outreach with those in the Hispanic community who were afraid to seek funds and overwhelmed by the complicated paperwork and application process. Some also had difficulty using technology, encountered language barriers, lacked one-on-one assistance, and had concerns about their legal status.

Clute said despite the pandemic, they have not seen a large drop-off of people in the Hispanic community who want to start their own business. She noted the significant increase in the number of Hispanic entrepreneurs attending training events.

“Individuals are still looking to start a business and for one reason or another, COVID-19 has not stopped them from taking that mindset of being an entrepreneur and taking the opportunity to start and grow a business,” Clute said.

“Only 3.9 percent of Hispanic clients received approval for assistance in 2020 from the Maryland SBDC,” Clute said. “That just shows a huge gap between all of our clients versus the Hispanic community.”

However, Clute said because of the language gap, some members of the Hispanic community do not readily know where to look for help and rely on word of mouth from family and friends. She added they also are afraid of applying for assistance because they don’t trust financial institutions due to bad past experiences in their home country.

“They are afraid of it being a scam and putting their information out there to get some of the assistance they truly need,” she said.

The process and the amount of paperwork when applying also is an obstacle, Clute said.

Comptroller Franchot formed the workgroup in April after the Maryland General Assembly tasked the agency with submitting quarterly reports on the distribution and expenditure of federal and state pandemic-related spending. In addition to performing a thorough inspection on the billions of dollars that flowed into and through state coffers, the panel is scrutinizing if funds were received by intended

recipients most in need, examining disparities in distribution and looking into possible cases of predatory fraud and pandemic profiteering.

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