



THE NONPROFIT  
ASSOCIATION OF  
OREGON

## **Testimony of James White, Executive Director Nonprofit Association of Oregon**

SB159-1

February 13, 2023

Senate Committee on Business and Labor

The Nonprofit Association of Oregon (NAO) supports the passage of SB159-1.

NAO is a registered 501(c) (3) nonprofit organization representing over 1,550 charitable nonprofit organizations and affiliate members across Oregon. Our members are located throughout the state and come from all areas of the nonprofit sector serving our communities, including education, health and human services, the arts, and environmental protection. NAO's mission is to strengthen the collective voice, leadership and capacity of Oregon nonprofits to enrich the lives of all Oregonians. More information about our many programs and services can be found at [www.nonprofitoregon.org](http://www.nonprofitoregon.org).

The current State procurement systems lacks the ability to distinguish between for-profit and non-profit applicants for contracts and services and the system is set in favor of for profits by asking specific questions that cannot be answered by a nonprofit due to our corporate status in both federal and state laws. The State does not collect data on the number of nonprofits that apply for contracts. As a result, there is not a way for the state to recognize the community benefits and mission-oriented approach of nonprofits in the procurement process. Because the system is designed to accept and reward for-profit responses largely compared on underbidding practices, nonprofits are disadvantaged and the tables are tipped to for profit entities. NAO believes that there are several reasons why SB159 is a good idea and should be passed into law:

SB 159 creates the ability to award procurement points in contract applications from charitable nonprofits. By doing so, the state can take acknowledge the specific positive attributes of nonprofits that bring to the table:

1. Stewardship and accountability of public funds. Nonprofits bring greater fiscal oversight of state funds because of the fiduciary role that a community-based nonprofit board of directors provide over financial management. Further, a nonprofit board has the ability to hire and fire the executive director of a nonprofit. Many types of for-profit entities have no such mechanisms;
2. Community relationships. Nonprofits bring positive and constructive relationships with community members that facilitates successful outcomes for a public contract, including bringing beneficiaries of the services to work directly on the services that may be provided;



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3. Mutual public interests. There is a great potential for synergy between the public interest and goals of a state contract and the altruistic public benefit missions that guide the work of nonprofits. Funds that are contracted to a nonprofit can never be shared with owners or paid out to shareholders, that is of course not the case with for-profit businesses; and
4. Public trust. Because nonprofits are part a community. They rank as one of the most trusted institutions in society with significant good will from community members.

In many ways, government is missing out on the additional “purchasing power” that a nonprofit can show through the types of investments and assets that they can bring to the table through other means.

For all of the above reasons, NAO supports the passage of SB159-1.