

United Way of the Plains

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February 12, 2013

To Members of the Kansas House Judiciary Committee:

The proposed House Bill 2188 is most troubling. A review of the bill leads one to wonder why it was proposed. Has there been a plague of violations by the nonprofit community? Are not annual audits by independent certified accountants, completion of the federal 990 and the OMB Circular A 133 audit not adequate disclosure? Why is there this sudden lack of trust?

If the legislation is good and necessary for a select portion of the nonprofit community, then why not all nonprofits? If protection of State dollars is the issue, then for-profit corporations should also be considered. After all, a contractor paving a State highway will accept millions of dollars from the State and yet will not be subject to this same scrutiny. This all seems discriminatory against select nonprofits. In short, what is to be gained?

The gain is increased and unnecessary costs to nonprofits. United Way of the Plains alone would find it necessary to add at least one and perhaps two full-time staff just to keep up with the paperwork required of this burdensome legislation. Our office estimates that, among the agencies we fund, an additional twenty-five staff would need to be hired. Using conservative salary estimates, House Bill 2188 if enacted, would cost United Way and funded agencies over \$945,000 in additional costs. Is the State of Kansas willing to allow grant funds to pay this expense or does the State expect the public to pay from their donations?

A few additional items for consideration are:

- The competitors of nonprofit vendors could view negotiated rates and gain unfair advantage.
- All employee salaries would be public record causing great difficulty in managing a merit system.
- Real issues of privacy and breach of confidentiality would occur. For example: tenant names that benefit from United Way rent checks under a recent grant to the low income would be public. Agencies dealing with domestic violence victims or minor children would be forced to expose names and dollar amounts of assistance. Financial assistance to seniors and the disabled would be public making those clients vulnerable to potential theft and scams.

United Way of the Plains promotes and practices financial transparency and accountability. That is not the issue. House Bill 2188 is bad policy and we urge its defeat.

Sincerely,

Patrick J. Hanrahan
President

HOUSE JUDICIARY

DATE:

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ATTACHMENT

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