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Richard W. Meyer, Board Chair
Texas Association of Nonprofit Organizations (TANO)
Testimony before HHSC Task Force on Strengthening Nonprofit Capacity
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My name is Richard W. Meyer, and I have the honor of serving as the Board Chair of the Texas Association of Nonprofit Organizations (TANO), as well as being a long time participant within and observer of the nonprofit sector of Texas. My law practice has for 30 years been involved with representing nonprofit entities, associations, foundations and quasi-governmental entities. My comments derive from what we see in Texas as well as how this compares to the national scene.

On behalf of the more than 68,000 Section 501 (c)(3) public charities in this state, our appreciation goes to the 81st Texas Legislature for passing House Bill 492 and mandating this Task Force. Also, our thanks to the Health and Human Services Commission for assuming this responsibility and to OneStar Foundation for assisting in this process as our state's Commission on National and Community Service. We, at TANO, are especially appreciative of the leadership being provided by Liz Darling, who has transformed the Foundation into a dynamic partner with our state's nonprofits.

As the only statewide association focused on *all* nonprofits, regardless of their area of service or budget or location, TANO is very pleased to work with OneStar Foundation in many areas.

We believe that advocacy is strongest when people connect with each other and speak collectively. The Texas Association of Nonprofit Organizations is one of 40 state associations throughout the United States that collaborates with each other through our National Council of Nonprofits.

Our mission is to connect, strengthen and support the Texas nonprofit community for the public good. To achieve that, we are building the largest community of nonprofits in Texas to leverage the power of the nonprofit sector ... to amplify our voices in our state capital ... to engage with government agencies ... and to provide tools to help nonprofit organizations thrive.

Some facts about the nonprofit sector in Texas:

- There are only about 1200 nonprofits from among more than 68,000 that have annual revenue greater than \$5 million
- 98.2% of our state's nonprofits have annual revenue of less than \$5 million
- 94.2% are under \$1 million

- 92.0% under \$500,000, and
- 82.2% actually have annual revenue of less than \$100,000.

As we can see, the overwhelming picture of our nonprofit community reflects mostly small and mid-sized organizations. Yet, our sector is a major economic force in Texas, as it is throughout the United States.

As reported in Texas Nonprofit Employment Update, from the John Hopkins Center for Civil Society Studies, funded by OneStar Foundation to update an earlier report commissioned by TANO:

The nonprofit sector employs more than six times as many workers as the state's oil and gas extraction industry. The almost 385,000 nonprofit employees in Texas earned over \$12.5 billion in wages in 2004, exceeding the total payroll for Texas' entire state government. In fact, the nonprofit sector accounts for a significant share of total private employment in both urban and rural areas of our state.

Again, let me repeat, the nonprofit community is an economic force in Texas, and we must continue to build our economic capacity even as we seek to influence and participate in the public policy debates and decisions that shape the environment in which we operate.

Texas has yet to fully experience the severe economic decline we see throughout the rest of our country. Our nonprofit sector, while seriously challenged, is generally not facing the catastrophic decisions that our colleagues are facing elsewhere.

We attribute a good deal of this to the generally positive way in which nonprofits are viewed and supported in their local communities - though, I hasten to add, we often are not viewed as positively as we would like in a legislative process that devotes most attention to the business and government sectors.

Following are our requests to this Task Force:

First, **HELP STRENGTHEN PUBLIC AWARENESS** - Use its legislative mandate to highlight in its report the very importance and legitimacy of the nonprofit community of Texas and to consider joining with TANO in undertaking a statewide initiative to increase the awareness of our state's policy makers and decision makers and the general public about the importance of the nonprofit community.

To acquire and receive the resources needed for capacity building, the legitimacy of our nonprofit sector must be beyond reproach. Our state's leaders and the public need to know who we are, what we do, why we do it - and above all else, how vital our sector is to the health and well-being of our state and its citizens.

Second, **HELP PUBLIC POLICY ENGAGEMENT** - This Task Force's authority from H.B. 492 is a good first step in creating space for nonprofits at the policymaking table. But it is not enough. Through TANO, the OneStar Foundation, United Ways of Texas and other statewide groups, we need to gather and disseminate information that influences public policy debates. We can no longer afford to be mostly reactive to public policy, regulatory and legal challenges.

Third, **HELP KEEP TEXAS A POSITIVE ENVIRONMENT FOR NONPROFIT GROWTH** - With past legislative proposals and public policy matters in mind, we need to foster a statewide environment that supports and nurtures all nonprofits regardless of size or location. Our laws, regulations, state agency practices and tax systems should nurture, not burden, our wonderful system of local citizen- led nonprofit charitable organizations.

We must proactively and pre-emptively highlight the disaster that will occur if Texas state government takes the approach of too many other state governments by reducing and eliminating the benefits now offered to nonprofit entities - moves such as eliminating sales tax exemptions, limiting property tax exemptions, instituting user fees in lieu of taxes, or other unreasonable regulation of nonprofits.

Fourth, **STRESS THE IMPORTANCE OF SUPPORTING SMALL AND MID-SIZED NONPROFITS**. We in TANO are concerned that capacity building initiatives are often far too complicated for the average nonprofit staff and board leadership to absorb or apply. We urge a focus on fundamentals: promoting board awareness of proper roles, responsibilities and expectations, and on capacity building initiatives that take organizations and their leaders from where they are to where they need to be.

Board disengagement and/or a lack of awareness of their legal duties only leads to page one stories about another nonprofit organization that has gone astray.

Fifth, **HELP PROMOTE THE PROFESSIONAL DEVELOPMENT AND ACADEMIC PROGRAMS** in our state that focus on nonprofit leadership and management. At TANO we are pleased to work with Austin Community College's Center for Community Based & Nonprofit Organizations in our joint Certificate in Nonprofit Leadership & Management. By next month, with the completion of our third class, we will have graduated 96 leaders from throughout the state. This kind of professional development by TANO, educational institutions, and others throughout the state is essential to the future of our sector.

As we are taught in Proverbs, *"Where there is no vision, the people shall perish."*

At the Texas Association of Nonprofit Organizations, our vision is a Texas nonprofit sector that works together to be among the healthiest and most vibrant in the nation. We urge the Task Force to join with us - and many others in our nonprofit community - to help bring that vision to fruition.