

TESTIMONY OF

Sherry Neas, Central Services Division Director

Chairman Kreun and members of the Senate Energy and Natural Resources Committee, I am Sherry Neas, Director of the Office of Management and Budget (OMB) Central Services Division. I am here to testify regarding Senate Bill No. 2291 related to social investments.

OMB is opposed to the bill as introduced. OMB appreciates the opportunity discuss our concerns with the bill's sponsor and collaborate on an amendment to the bill. OMB respectfully requests the opportunity to reevaluate its position on the bill after reviewing the amendment.

As introduced, Section 2 the bill would significantly complicate the procurement process. There are laws related to procurement processes that must be followed when OMB and state agencies are entering into contracts. OMB and state agencies enter into contracts with companies following an evaluation process that considers experience and qualifications, prices and quality of the offered goods and services.

This bill, as introduced, would require OMB to "encourage state agencies to avoid contracting with companies that support environmental social governance." (Page 2, lines 11-12)

"Environmental social governance" is defined as "a set of nonspecific, quantifiable, and nonquantifiable criteria with attributing factors used for making determinations, decisions, or investments." (Page 2, lines 1-3)

The state purchases a wide variety of goods, services, public improvements and other types of purchases. The bill would be unenforceable due to the complexity and time required for OMB or other state agencies to evaluate whether a company supports "environmental social governance" and withholding award based upon that determination.

OMB appreciates the opportunity to work with the Sponsor and this committee regarding an amendment that addresses OMB's concerns. Mr. Chairman and committee members, this concludes my testimony. I would be happy to answer any questions.