



Chair Mary Kiffmeyer
95 University Avenue West, Room 3103
Saint Paul, MN 55155

March 29, 2022

Dear Chair Kiffmeyer and members of the Senate State Government committee,

The Minnesota Council of Nonprofits strongly opposes SF 4359, introduced by Senator Benson today and being heard in your committee tomorrow.

Nonprofit work is built in community to address complex societal issues. At a time when needs are rising, future funding is uncertain, and we face severe volunteer and worker shortages, this is certainly not the time to add additional barriers for nonprofits.

The charitable nonprofit sector is the most transparent segment of the U.S. economy because of our public disclosures of revenues, expenses, salaries, and more, through the annual IRS Form 990 that is publicly available online through GuideStar.

Our sector has partnered with state government to provide vital services and support communities in every corner of this state, and notably with fewer resources and more uncertainty during the extreme challenges of the past two years.

One section of SF 4359 would cap salaries of nonprofit staff at organizations that receive state funding through grants or contracts for services. This is problematic because nonprofits play a vital role in our economy and, like any other sector, need to have experienced, talented leaders and staff. To attract and retain those leaders, they need to have the ability to compensate appropriately in the labor market.

Each nonprofit's board of directors determines the executive director's salary, consulting compensation data aggregated from other organizations throughout the nonprofit sector to ensure that the executive director is compensated fairly. The IRS code compels that the board of a tax-exempt nonprofit be independent and unbiased.

Our state provides many essential and important services to communities through nonprofits, and as a sector we value that partnership. We welcome working with legislators to enhance current oversight measures to address genuine concerns.



Minnesota boasts over 30,000 nonprofits, and our sector relies on trust of the public to survive. Nonprofits rely on the public's trust to support our communities, to trust us with their contributions. Trust is essential to our ability to operate and advance our missions.

To maintain that trust, we want and need the IRS and state charity officials to keep the bad actors out of our sector. Unfortunately, neither the IRS nor the Charities Division of the Minnesota Attorney General's office has sufficient resources to provide adequate oversight.

We urge you to support the funding request from the Charities Division of the Office of the Attorney General, which provides oversight for our sector.

We also ask you to review and support Senator Nelson's bill for a Nonprofit Relief Fund ([SE 3593](#)), which would include robust regulation of grantees and assist the sector in recovery.

Sincerely,

A handwritten signature in cursive script that reads "marie ellis".

Marie Ellis
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The Minnesota Council of Nonprofits is an association of over 2,000 nonprofit members from every part of the state and every area of nonprofit activity.

Regional chapters in:

- Central Minnesota
- Northeast Minnesota
- Northwest Minnesota
- Southeast Minnesota
- South Central/Southwest Minnesota
- West Central Minnesota