



Written Statement Susan Sheridan Tucker
Executive Director, Minnesota Alliance on Problem Gambling
State Appropriations SF 3975a-1
Committee on State Government Finance and Policy and Elections
April 4, 2022

Chair Sen. Mary Kiffmeyer and Members of the Committee,

In reviewing SF a-1 Article 1, Sec 8 (16b.971) Grants to Nonprofit Organizations, Minnesota Alliance on Problem Gambling would like to express some concerns.

Audit

For 20 years, MNAPG has been the state affiliate to the National Council on Problem Gambling. The Alliance is dedicated to improving the lives of those affected by problem gambling through advocacy, education, training and research. The Alliance is one of the organizations which receives more than 50% of its funding from the state. We're a small staff, with three full time employees. First achieved in August 2021. From 2003 to 2013, the state provided \$225,000 year from the Lottery general fund to support our efforts. In 2013, we were designated in legislation to receive ½% of the tax revenue generated from charitable gambling's electronic pull tabs, as part of the agreement to pay off the debt on the Vikings stadium. That fund has generally provided \$350,000 to \$450,000 per year.

Since taking on the leadership role in August 2018 and MNAPG's revenues have yet to trigger the \$750,000 IRS requirement to complete a financial audit. I would argue that for a small nonprofit to engage in an annual financial audit when it falls below the \$750,000 trigger is an undue burden in time and money. A full-fledged audit can cost \$10,000 -\$15,000. I would argue that the provision should change to meet the IRS standards of \$750,000.

Prohibition of state employees from serving on a board

Prohibiting state employees from serving on a nonprofit governing board would be a regrettable policy change. One of our three co-founders was a state employee. In 2001, there was a need for advocacy, education, training and research which the state was not wholly meeting through its problem gambling program. These three individuals saw the need and worked tirelessly to provide training and education amongst addiction treatment providers, correction officers, employee associations as well as the general public. Their efforts led to the organization we are today.

Throughout our 20-year history, we have enjoyed a strong relationship with the Lottery serving on our governing board. The Alliance is built on bringing all stakeholders with a touchpoint to gambling to our table to help us map out and implement our strategic plan. Each individual who serves provides significant feedback for program development to reduce the harm in gambling

based on their professional capacities. It would be unfortunate to eliminate the Lottery's participation in MNAPG's mission. It provides an opportunity for the Lottery member to learn more about what's happening in the treatment and research arenas and to directly participate in our efforts to expand responsible gambling/reduction of gambling harm programming. MNAPG in turn, hears directly about the Lottery's efforts to participate in responsible gambling efforts.

Background Checks for Officers/Members Governing Board

Requiring background checks for officers and members of the governing board is an onerous burden. Who will pay for these background checks? What kind of timeline will be established to complete in a timely manner? The proposal calls for the fiscal agent to complete the background checks. I not only have concerns that it will be a deterrent to attracting people to serve on the board, but also have concerns about our fiscal agent, DHS' capacity to run timely background checks. As it is DHS already has capacity issues. Adding even more administrative requirements creates additional burden on a system that already has difficulty executing contracts on time.

Let me explain, under our current fiscal agent arrangements, MNAPG must provide DHS a full workplan and detailed budget which takes 4 months to be approved. I must submit extensive monthly expense reports and only reimbursed for the funds spent each month. If we need to make an amendment to our budget, that too can take up to 4 months for approval. We are not against oversight, but for small organizations, such as MNAPG in a department that already has issues meeting current demands, adds costs and requirements that will likely cause unnecessary delays and potentially deter quality individuals from serving on a nonprofit board.

MNAPG takes its fiduciary and legal responsibilities very seriously and has been an excellent steward of the state funding we receive. Oversight and accountability are important and necessary tools yet adding to the micromanaging of all nonprofits that receive 50% of their revenue from the state seems too extreme. MNAPG must and does comply with the laws governing nonprofit organizations. We meet existing requirements laid out by DHS, we file our 990s with the IRS and state attorney general's office each year and our books are always open to public scrutiny. If we tip the revenue scales over \$750,000 we would complete an audit. We urge that if these added oversights move forward that the proper level of trained administrative staffing and funding must be in place before adding more burdens to the departments and to nonprofits.

Respectfully submitted,

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Executive Director