

From: Lance Van Elsen [<mailto:lanceve@gmail.com>]
Sent: Monday, March 11, 2019 1:16 PM
To: Brendmoen, Amy (CI-StPaul) <amy.brendmoen@ci.stpaul.mn.us>; Tolbert, Chris (CI-StPaul) <chris.tolbert@ci.stpaul.mn.us>; Thao, Dai (CI-StPaul) <dai.thao@ci.stpaul.mn.us>; Prince, Jane (CI-StPaul) <Jane.Prince@ci.stpaul.mn.us>; Busuri, Kassim (CI-StPaul) <Kassim.Busuri@ci.stpaul.mn.us>; Nelson, Mitra (CI-StPaul) <Mitra.Nelson@ci.stpaul.mn.us>; Noecker, Rebecca (CI-StPaul) <Rebecca.Noecker@ci.stpaul.mn.us>
Subject: Ordinance 19-14

Dear Council Members,

I wanted to get you this information since Council Member Price and I missed our opportunity to talk today, and it appears there will be no further opportunity for direct discussion before Wednesday's vote.

The stated goal of this ordinance is **“to increase availability of high quality youth programming targeted at reducing the barriers to at-risk youth”**.

I agree that the availability of high quality youth programming is an important thing, especially making it available to at-risk youth.

Part of what I do professionally is design of effective solutions by determining root causes in complex systems. (My job title is Sr. Systems Design Engineer) One of the key things is to keep asking the question 'Why?'.

I'm concerned that the ordinance, as written, will not achieve the desired result.

I'll try to avoid turning this into a play-by-play policy analysis, but here's a few key points from along the way.

The question I started with is 'Why isn't the current system working?'.

- Possibility 1: Organizations aren't aware of this funding opportunity.
Does this solution address that? Not really, other than the general publicity around the ordinance.

- Possibility 2: The form of the funding stream isn't suitable for the need.
As I mentioned, the current system results in an unpredictable, inconsistent source of funds that an organization can't budget or plan for. How can you plan a project like running a youth center if you don't know when the next check will arrive and how much it will be for? Does this solution address that? Again, no. And the restrictions of paragraph (g) still prohibit use on capital expenses, such as a rec. center floor.

- Possibility 3: The current limits on funding are too low for the need.
Updating the maximum contribution limit in paragraph (h) addresses this in the short term but does not provide a long term solution. No adjustments for inflation, and no logic behind the new number. And, while programs are submitting budget and need numbers, there is no provision for balancing the funding flow against those numbers. An organization that needs only a small amount like \$2,000 can still end up with up to \$15,000, while effective programs that could use more are capped off. This doesn't address that.

- Possibility 4: The restrictions and application requirements set a barrier too high for a program that is just trying to get started.

While the current restrictions are not terribly onerous, the legal paperwork to establish a non-profit and then get the affidavits notarized and other application materials compiled may be a significant barrier

for an organization just trying to get off the ground. The added requirements of this ordinance simply make this worse.

So, I moved on to 'What does this proposed change do?'

The most concise but accurate description I could come up with was 'Add restrictions to eligibility for Youth Organization funding'.

Restrictions only take things away; they do not create new opportunities.

I currently have several ideas on how we could move towards the stated goal. Not all would require legislative action.

In summary form:

- Possibility 1: Instead of adding restrictions, add opportunities. Take the proposed requirements and base a second tier of the existing list on that. Promote the qualifying organizations to the top of the list and highlight them using whatever desired terminology to help focus the direction of the funds.
- Possibility 2: Add a system to provide stable long term funding for organizations that need it or are of special importance. For example, instead of directing the full 10% thru the current administrative system, divide that stream, and direct some of the funds up front to long-term grants for projects that would benefit from stable funding, and then the remainder could go into the existing designated beneficiary system.
- Possibility 3: Use the information already being collected. Let the organizations conducting charitable gambling know, when they are directing their funds, who has and has not received enough funds to meet their stated needs. This would help spread poorly allocated excess funds to organizations that still have basic needs unmet.
- Possibility 4: Add a system to provide organizations with start-up funding to get off the ground. Find the barriers that are preventing them from starting youth programs, like the availability of volunteers, or not being able to hire someone to manage the books and legal aspects of a 501(c), and deal with that. Perhaps relax the paragraph (g) prohibition on paying salaries with this funding for the first two years an organization is on the list?

Sincerely,
Lance Van Elsen