

9 March 2021

House Legacy Finance

Written Testimony Opposition to HF1938, MN Historical Society funding and appropriations

Thank you for your attention to Arts and Culture under the Legacy Amendment. Since the Amendment conception, there has been no audit of MN Historical Society's (MNHS) use of funds. It is impossible for citizens to review how MNHS, a nonprofit, uses the funds due to its special status as a nonprofit and not controlled in the same manner as an Agency. MNHS is one of two nonprofit organizations within the state agency hierarchy.

Legacy funds were created to serve as a supplement, not a substitute, for programs and materials needed around the State. Within the ACHF portion of Legacy, MNHS has abused the millions allocated to them through six divisions. Some of those divisions are not transparent to the State Auditor, Legislature, nor residents. Wording needs to change before any ACHF appropriations are made for the next budget cycle.

MNHS admitted its dependence on the State totals 64% between base budget and Legacy funds. This is too much for the State to spend on any nonprofit. If MNHS supported State needs 64% of its time, this argument would have no steam. That's not the case.

Nonprofits have different goals depending on the services each provides. MNHS employees receive salaries and benefits comparable to State employees yet are not bound to State employee ethics. Legacy funds have been mishandled due to MNHS's nonprofit missions.

An item that should be common sense in the Legacy Amendment is conflict of interest disclosure. MNHS employees have not made disclosures family relationship status, or board membership or employment status of nonprofits applying for Legacy Amendment funds. A current MNHS employee also serves as a Board Member of a nonprofit who has received thousands from ACHF. The awards pit State employee duties against the State Agency's responsibilities found in Statute 138.66 Subd. 16. This is a clear conflict of interest to the State. The same employee has used Historic Fort Snelling to host a family member's school for an event to honor a single culture. The public is not invited to the event and the

event was also continued during COVID restrictions when the historic site was closed per Governor's orders.

MNHS continues to blur lines of state funding for nonprofit interests. MNHSPress reaped acknowledgement and awards through a married couple, publisher and author. A book was published using Legacy funds yet disclosure of the marital relationship was not disclosed.

The list of deceit does not end in one department of MNHS. These are just a few examples of wrongdoing. As a nonprofit, MNHS is not required to follow any documentation for Legacy, not the website or the Administrative Office of Grants Management.

A complete halt to MNHS's ACHF Legacy activities is needed until Statues are reviewed and permit a review of all six categories of ACHF appropriations for the first years of the Amendment. The information reviewed by State offices is not the complete picture.

One of the six divisions of ACHF funds not visible to the public is "Partnerships." MNHS is entrusted to determine which partnerships are advantageous to the State. However, some partnerships have no clear advantage to the State without a drawback to State assets.

Historic Fort Snelling is in the process of a revitalization. A partnership was developed by MNHS. This council was led by an MNHS employee. The focus group directed design of the majority of landscaping to be done at the Historic Fort. Sidewalks are absent as are improved passage ways for disabled citizens. Also, a memorial to two Dakota men was designed in place of any military memorial. Legacy funds under the "Partnership" division of ACHF is suspect to have paid for several meetings of the focus group including outstate travel for MNHS CEO Kent Whitworth.

This is not a case of pennies here and there or fudging numbers in one column to balance another. Of the six divisions of ACHF monies appropriated by Legacy, two are not revealed to the public or the Legislature.

Of the ones open to the public, here are a few examples of mishandling of an incredible program meant to supplement Minnesota:

More than \$500,000 Legacy funds to create a video of Fort Snelling from an outstate college. The college was given another \$40,000 for equipment and the

result was a clip of less than 45 seconds portraying images of area near Fort Snelling. The University of Virginia netted over \$540,000 from Minnesota's Legacy Amendment.

Used \$5,000 to entertain MNHS selected members of Dakota Indian communities during a "demonstration" protest of the Fort Snelling's treatment of two Dakota Indians, Shakopee and Medicine Bottle.

Scanned Southwest Indian tribe artifacts (tribes who did not live in Minnesota) yet listed the reason for the Legacy grant was because each item was "related to current events and MNHS initiatives." Legacy dollars paid \$259,000 for MNHS nonprofit interests.

Please suspend all Legacy appropriations and funds to MNHS until changes are made to Legacy Amendment statutes forcing all previous, current, and future ACHF division are made public information. Require MNHS to prioritize funding to those using Minnesota companies and other In-State resources. Make the Administrative Office of Grants Management the oversea of all ACHF funds requiring reports from MNHS to that Office.

Changes need to be made to ACHF and now is the ideal time to do it. The economy needs funds; it will need funds in the future. More than ever, Minnesota needs additional taxes to supplement its programs, not steal. Clean house now and give MNHS a chance to prove itself to be worthy of title it carries as an Agency of Minnesota history.

Thank you,
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