

**Kevin O'Toole, Executive Director
Pennsylvania Gaming Control Board
House Gaming Oversight Committee
April 5, 2015**

Good morning Chairman Payne, Chairman Kotik and members of the House Gaming Oversight Committee. I am Kevin O'Toole and I serve as the Executive Director of the Gaming Control Board. Today, I would like to offer some insight in regard to the Local Law Enforcement Grant Program that the Gaming Control Board administers, as well as provide comments on House Bill 1925.

The Local Law Enforcement Grant Program ("Program") was statutorily created with the passage and enactment of the Pennsylvania Race Horse Development and Gaming Act ("Gaming Act"). Initially, the Program was funded on an annual basis through a \$5 million transfer from the State Gaming Fund. The purpose of the Program was the issuance, by the Board, of "grants to local law enforcement agencies to enforce and prevent the unlawful operation of slot machines in this Commonwealth."

The Board developed an application and program guidelines which were provided to local law enforcement agencies, District Attorneys and members of the General Assembly. While the Board received a number of applications and issued a number of grants, overall, the amount of funding outpaced the number of applications. As restricted revenue, the funding did not lapse so the Program did develop a surplus.

In 2010 in conjunction with the passage of the General Fund budget, \$12.5 million was transferred from the Program to the General Fund. In addition, the Program was expanded to allow for the Pennsylvania State Police ("PSP"), where they are the local primary law enforcement, to apply and the annual funding was reduced from \$5 million to \$2 million. In addition, the scope of the Program was expanded to encompass all illegal gambling and not just illegal slot machine gambling.

Section 1408 (c) currently states:

Section 1408 (c) Local law enforcement grants.--Annually, the sum of \$2,000,000 shall be transferred to the board for the purpose of issuing grants to local law enforcement agencies to investigate violations of and enforce laws relating to unlawful gambling in this Commonwealth. For purposes of this subsection, the term "local law enforcement agency" shall include the Pennsylvania State Police when conducting unlawful gambling enforcement and prevention activities in a municipality which does not have a municipal police department and in which the Pennsylvania State Police provide the municipality with primary police coverage (emphasis added).

The expansion of the eligibility and the focus of the Program did not significantly increase the number of applicants and in 2014 in conjunction with the passage of the General Fund budget, \$8 million was transferred to the General Fund.

Attached to my testimony is a copy of the current Program Guidelines as well as a current application. As you will see on page 3 of the Program Guidelines, the Board attempts to broadly define eligible activities as "(a)activities related to the identification, prevention, deterrence, enforcement, investigation or prosecution of activities involving unlawful gambling." I will defer to the law enforcement community as to why the Program is not more widely used. Nonetheless, since passage of the Act, the Board has awarded 59 grants with approximately \$4.6 million expended. At this time, the Program has a current balance of approximately \$2 million.

Relative to House Bill 1925, I believe that deleting the restrictive language that limits PSP's use of the funds to municipalities where PSP has primary police coverage will result in PSP participating in this Program. Illegal gambling is something that does not adhere to boundaries. The Pennsylvania State Police force is highly trained and has the experience to successfully conduct these types of investigations.

Thank you for the opportunity to testify today and I would be pleased to answer any questions that you may have.



Pennsylvania Gaming Control Board



Local Law Enforcement Grant Program

Program Guidelines



Pennsylvania Gaming Control Board
David M. Barasch, Chairman
<http://gamingcontrolboard.pa.gov>

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PENNSYLVANIA GAMING CONTROL BOARD

LOCAL LAW ENFORCEMENT GRANT GUIDELINES

Section I – General Information

A. Authority for Grants

1. The Local Law Enforcement Grant program was created by the passage of Act 71 of 2004 and revised with the passage of Act 1 of 2010.
2. The purpose of the program as identified in Section 1408(c) of the Act is to issue grants to local law enforcement agencies to “investigate violations of and enforce laws relating to unlawful gambling in this Commonwealth.”
3. The Local Law Enforcement Grant Program is administered by the Pennsylvania Gaming Control Board (“PGCB” or “Board”).

B. Eligible Applicants

1. The Police Department of a Pennsylvania municipality, region or group of Pennsylvania municipalities.
2. The Office of the District Attorney of a Pennsylvania city or county.
3. The Pennsylvania State Police (PSP) when conducting unlawful gambling enforcement and prevention activities in a municipality which does not have a municipal police department, and in which the PSP provides the municipality with primary police coverage.
4. A multi-jurisdictional law enforcement group composed of members of any of the agencies described above.

5. Other agencies with police powers to investigate and enforce laws relating to unlawful gambling in the Commonwealth.

C. Eligible Activities

Activities related to the identification, prevention, deterrence, enforcement, investigation or prosecution of activities involving unlawful gambling.

D. General Project Categories

1. Identification, Prevention and Deterrence

- a. Grants may be awarded for the purpose of attending education and training events sponsored by authoritative agencies, including institutions of higher learning, for the purpose of training officers, investigators or attorneys in techniques appropriate to the enforcement and prevention of unlawful gambling in the Commonwealth.

- b. Grants may be awarded to conduct programs utilizing proven methods to deter or prevent unlawful gambling.

2. Prevention, Enforcement, Investigation and Prosecution

- a. Grants may be awarded to defray costs related to assigning officers or investigators to prevent, deter, enforce or investigate unlawful gambling.

- b. Grants may be awarded to defray the cost of prosecuting crimes involving unlawful gambling.

3. Other Prevention and Enforcement Programs

- a. Other programs that address prevention and enforcement of unlawful gambling within the Commonwealth.

1. Project Examples

Attendance at education and training seminars that provide updated information and training on techniques of prevention, deterrence, enforcement, investigation or prosecution of unlawful gambling.

2. Planning and execution of prevention and deterrence programs conducted by eligible agencies.
3. Assignment of officers to enforce and investigate unlawful gambling.
4. Assignment of investigators and prosecutors to investigate, assess and prosecute crimes of unlawful gambling.

E. Grant Allocation and Limitations

1. A \$2,000,000 annual appropriation has been authorized for the Local Law Enforcement Grant Program.
2. Grants of 1 or 2 years may be awarded, upon request. However, no grant may exceed \$250,000 per year. Any grant in excess of \$150,000 will require the completion of an audit by a Certified Public Accountant (CPA) licensed in the Commonwealth of Pennsylvania or a CPA that has been deemed eligible to perform work by the Pennsylvania Department of State. Costs associated with this audit may be paid with grant monies in an amount not exceeding 2% of the annual grant amount. This amount must be included as a line item in the applicant's proposed budget, and all monies not spent on the audit are required to be returned to the PGCB upon expiration of the grant in accordance with Section IV, Subsection B of these guidelines.
3. The CPA shall perform the audit in accordance with Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards.
4. The CPA is responsible for reporting all deficiencies in the internal control structure and instances of non-compliance with questioned costs specific to the following:
 - Were there any variances to the scope of the project that required an amendment?

- Were amendments to the approved budget secured in a timely manner and in accordance with the contract?
 - Did expenditures exceed 5% of the budget line item?
 - Were there unapproved budget line items included in the financial statements?
 - Were expenditures incurred during the contract period? If not, how much needs to be returned to PGCB?
 - Were expenditures in accordance with the approved budget, PGCB Local Law Enforcement Grant Program guidelines and contract, including expenditures for any permissible capital equipment as defined in the Program Guidelines?
5. Programs and activities funded under the grant must be completed within the time set forth in the grant. An extension may be requested, in writing, if necessary to finalize an investigation or other activity in progress at the time. The request for extension should explain the reason for the extension, in detail, and be requested before the close of the grant. Extensions will be granted at the discretion of the PGCB's Executive Director.
6. Grant funds may be used to finance up to 100% of the total program and activity costs.
7. Grants may not exceed 10% of the budget of the local law enforcement agency applying for the grant. In the case of multi-jurisdictional or other regional entities, the limit will be calculated based on the combined budgets of the eligible member organizations.
8. Grants may not be used to purchase vehicles, real estate or buildings. Capital equipment may be purchased with grant funds up to 15% of the grant awarded. For purposes of this grant, "capital equipment" is deemed to be anything having a useful life of more than one year and generally depreciated under normal business practices (not including vehicles, real estate or buildings). The term, as used herein, includes computers, software, printers, video/audio recording devices, binoculars, or other surveillance equipment. Exceptions to the restriction on capital equipment expenditures may be granted upon formal request to the Board. The request must provide a clear explanation as to the reason additional monies for capital expenditures

(above 15%) are necessary, including the relationship between the equipment and the detection or prevention of illegal gambling and any hardship that will occur if the exception is not granted. Exceptions may be granted at the Board's discretion.

9. Funds for single year grants will not be released to any recipient organization until such time as that organization has fulfilled its obligation to comply with all reporting and audit requirements of any previously awarded grant. A subsequent grant may be awarded prior to the close of the 1st grant, if the grantee submits a new application and an informal inventory of expenditures and uses of the current grant funds 3 months prior to the end of the current grant and after the application and inventory are reviewed by Board staff. The records provided will be reviewed to determine if the grantee is using the grant funds in accordance with the provisions of its grant contract.

For two-year grants, the grantee must provide an informal inventory of expenditures and uses of grant funds 30 days prior to the end of the grant's first year. Funds will not be released to the grantee for the second year until such time as the first year grant has expired. Board staff will review the informal inventory provided by the grantee to determine if the grant funds were spent in accordance with the grant contract. Failure to satisfactorily use and account for the funds spent in the first year of the grant may result in the required return of all improperly used grant funds from the first year and all unspent funds provided in the second year of the grant. Any requests for a new grant must be made in accordance with the requirements set forth in the above paragraph.

Regardless of submissions made prior to the close of a single or two year grant, all grantees must provide final close-out records in accordance with Section IV (B), Reporting Procedures including an audit conducted by a CPA, if required under Section I (E)(2).

10. Upon award of a grant by the Board, the applicant will be notified in accordance with Section IV (A). A grant contract detailing the requirements, limitations and eligible uses of grant funds will be executed between the Board and the applicant.

11. The applicant agrees that noncompliance with the conditions of this grant shall be grounds for the recapture of funds provided to the applicant. If the applicant fails to refund the monies, the Commonwealth, in addition to any rights or remedies it may have at law or in equity, reserves the right to offset the amount due against any existing or future sums of money owed the applicant by *any* Commonwealth agency or department, including the Board. By accepting the grant, the applicant, by accepting the grant, agrees to waive any immunities it may have from legal proceedings should the Board resort to legal process to recapture the grant funds due to applicant's non-compliance with the conditions of the grant.
12. The Board, or its duly authorized representative, shall have access, upon request, to all project, grant, and financial records of the applicant for the purpose of auditing financial transactions, determining compliance with grant terms, and evaluating project performance.
13. The applicant agrees to retain all cost supporting records and documentation for a period of five years from the close of the applicable grant period.

Section II – The Application Process

A. General

Applicants shall complete the prescribed application form available from the Board, providing typed responses to all questions.
<http://gamingcontrolboard.pa.gov/?p=48>

B. Application Requirements

1. Project Narrative

- a. Describe the project for which the grant is sought. The description must clearly indicate that the requested funds will be used only for the identification, prevention, deterrence, enforcement, investigation or prosecution of activities involving unlawful gambling.

- b. Summarize the goals the applicant expects to attain through the use of this grant. What is the objective and desired end result of the project? When possible, include specific measurable outcomes to be achieved by the project.
- c. Describe the process by which the project will accomplish the stated objectives.

2. Project Budget

- a. Provide an itemized project budget.
- b. Provide detailed information in support of each line item. The information should include a description of the line item, any assumptions utilized in estimating the line item, and how the line item will be employed to accomplish the program objectives.

3. Additional Requirements

- a. Provide a list of the counties, cities, boroughs, towns or townships participating in the project.
- b. Provide a list of the counties, cities, boroughs, towns or townships in which the program activities will be conducted.
- c. Provide at least two performance measures that will be tracked over the course of the grant period and included with the final report filed by the grant recipient.
- d. Provide House and Senate Districts.
- e. Provide any other documents or information requested by the Board.

Section III – Evaluation Criteria

Applications will be evaluated for eligibility based on the criteria indicated below. Applications that are deemed eligible will be funded in full or in part,

based on the total amount of grants eligible for approval and the amount of funds available at the time of award.

A. Overall Quality of Project

Is the project well conceived and planned? Is it ready for implementation? Will the project strengthen ongoing enforcement relating to unlawful gambling? Is the project consistent with the statutory goals of the grant program?

B. Funding Adequacy

Is the amount of funding requested reasonable to complete the project?

C. Timetable and Results

Is it reasonable to implement the project and obtain the anticipated results within the contractual time frames? Are specific measures available to quantify the anticipated results?

D. Past Performance

If the applicant has received previous grants, have these grant funds been spent properly? Have projects been implemented and completed in a timely manner? Have the past projects yielded the expected results? Have the close-out procedures been adhered to and has the grantee cooperated with staff when documents were requested including the return of any unused funds from a prior grant?

E. Completeness of the Application

Does the application for funding contain all the information required in Section II (B)?

Section IV – Grant Award and Reporting Procedures

A. Grant Award Notifications

1. At the time grant recipients are notified of their award they will be presented with a grant agreement. This grant agreement will contain the details of the grant, including name of recipient, amount of award, project description and terms of the agreement. The grant agreement must be signed by an officer of the organization authorized to commit

the recipient organization to the terms of the agreement and shall be returned to the Board for execution by the Commonwealth before grant funds can be released.

B. Reporting and Close-out Procedures

1. The applicant must maintain full and accurate records with respect to the project. The Board will have free access to these records, including invoices of material and services, time sheets and other relevant data and records, as well as the right to inspect all project services and work. The applicant shall cooperate with and promptly furnish requested records.
2. No later than thirty (30) days after the close of the Contract Activity Period, the grantee must return any unused funds, as well as all interest accrued on grant funds in excess of \$50.00.
3. The grantee must, no later than sixty (60) days after the close of the Contract Activity Period, must provide a final report documenting expenditures.
4. If required, an independent audit of the entire grant is required to be submitted to the Board within 120 days after the close of the Contract Activity Period.

Mail Completed Applications to:

Pennsylvania Gaming Control Board
Local Law Enforcement Grant Program
303 Walnut Street
P.O. Box 69060
Harrisburg, PA 17106-9060

The Pennsylvania Gaming Control Board (PGCB) reserves the right to accept or reject any or all applications submitted for the Local Law Enforcement Grant Program contingent upon available funding and respective applicant eligibility.

The PGCB also reserves the right to reject incomplete applications:

If you have any questions regarding this grant application, please call (717) 346-8300 or e-mail PGCB@pa.gov and type "Local Law Enforcement Grants" in the subject line.

Print Form



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA GAMING CONTROL BOARD

Application for Local Law Enforcement Grant Program

(Please refer to Program Guidelines for eligibility criteria and other relevant information.)

APPLICANT INFORMATION

Applicant Name _____

Co-Applicant (if applicable) _____

Mailing Address _____

City _____ State _____ Zip _____

Person to be contacted on matters involving this application:

Name _____ Title _____

Phone _____ Email _____

EMPLOYER IDENTIFICATION NUMBER (EIN)

VENDOR NUMBER

____ -- _____

Number Verified**

** Please verify your vendor number at: <https://pasupplierportal.state.pa.us:irj/portal/anonymous>

AREAS SERVED BY THE LOCAL LAW ENFORCEMENT AGENCY

County _____ Population Served by this Project _____

Municipalities Served _____

PA House District # _____ PA Senate District # _____

If this application involves two or more law enforcement agencies, attach a separate sheet of paper listing each agency, population served, municipalities served and their respective legislative jurisdictions.

PROXIMITY TO NEAREST LICENCED GAMING FACILITIES

Facility	Approximate Miles from Facility
_____	_____
_____	_____

Licensed Gaming Facilities

- Mohegan Sun at Pocono Downs, Luzerne County
- Parx Casino, Bucks County
- Harrah's Chester, Delaware County
- Presque Isle Downs & Casino, Erie County
- The Meadows Racetrack & Casino, Washington County
- Hollywood Casino at Penn National, Dauphin County

- Mount Airy Casino & Resort, Monroe County
- Sands Bethworks, Northampton County
- The Rivers Casino, Allegheny County
- SugarHouse, Philadelphia
- Valley Forge Casino, Montgomery County
- Nemacolin Resort, Fayette County

Applicant Name: _____ Date: _____

PROJECT NARRATIVE

Briefly describe the project for which grant funding is requested including specific information regarding where the program activities will be conducted; whether you would like to be approved for a 1 or 2 year grant; and, if applicable, how a 2 year grant will benefit the agency's project. The description must clearly indicate that the requested funds will only be used to offset expenses related to investigating violations and enforcing laws regarding unlawful gambling in the Commonwealth, including any anticipated capital equipment purchases (See Guidelines for conditions). Include a list of the project objectives and explain the process by which the project will accomplish the stated objectives. Include specific measurable outcomes to be achieved by the project. Attach additional pages if necessary.

[Empty box for project narrative]

Applicant Name: _____

Date: _____

PROJECT BUDGET

Grant Requested # of year(s) _____ Amount per year: (1) _____ (2) _____ *

Agency's Total Budget (Current Year) _____

* The maximum grant award is \$250,000 per applicant/per year. A grant may not exceed 10% of the budget of the local law enforcement agency or group of agencies applying for the grant. A local law enforcement agency may not apply for grant funding under more than one application per grant year.

Below are examples that show how to fill out the form on the next page.

Item	Budget Category	Amount Requested	Methodology	Purpose
Ex.	Investigative Overtime (including benefits)	\$15,000	200 hrs. of detective overtime x \$75.00 per hr. = \$15,000	To conduct undercover investigations to identify unlawful gambling activities.
Ex.	Public Outreach	\$3,000	2 officers x 4 events x 5 hrs. per event x \$75 per hour = \$3,000	Officers will staff an informational booth to advise the public and answer questions related to unlawful gambling.
Ex.	Vehicle Rentals	\$1,600	20 rentals x \$80 each = \$1,600 (200 hrs. / 2 detectives / 5 hrs. per investigation = 20 rentals)	Detectives cannot use personal vehicles or police cruisers in undercover investigations.
Ex.	Capital Equipment	\$5,000	(1) recording device, (1) surveillance camera, (1) software package, etc.	Undercover surveillance

Applicant Name: _____

Date: _____

Operating Budget

Provide an Itemized project budget as shown on the previous page. Please do not double up items on one line.

Attach additional pages if necessary. (i.e. you don't have sufficient space or for a 2nd year grant budget)

ITEM	Budget Category	Amount Requested	Methodology	Purpose
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

Grand Total: \$ 0

Applicant Name: _____

Date: _____

PERFORMANCE MEASURES

Provide a minimum of two performance measures that will be tracked over the course of the grant period and included with the final report filed by the grant recipient.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

CERTIFICATION

I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge.

Signature: _____ Date: _____

Print Name: _____ Title: _____

Applications will be accepted until all grant funds have been committed.

The Pennsylvania Gaming Control Board (PGCB) reserves the right to accept or reject any or all applications submitted for the Local Law Enforcement Grant Program contingent upon available funding and respective applicant eligibility. The PGCB also reserves the right to reject incomplete applications.

MAIL COMPLETED APPLICATIONS TO:

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Local Law Enforcement Grant Program
303 Walnut Street
P.O. Box 69060
Harrisburg, PA 17106-9060

If you have any questions regarding this grant application, please call (717) 346-8300 or e-mail PGCB@pa.gov and type "Local Law Enforcement Grants" in the subject line.