

The Importance of HB 4531

My name is Randall Ross, and I am the Vice President of Donor Services at the Community Foundation for Southeast Michigan. I would like to share with you the importance of HB 4531 for our Community Foundation, which serves a seven-county region, including Wayne, Oakland, Macomb, Monroe, Washtenaw, Livingston, and St. Clair counties. We have the same geographic footprint as the Southeast Michigan Council of Governments. We are a relatively young community foundation having been established in 1984. We are also the largest community foundation in the state, and one of the twenty-five largest in the country with more than \$1.1 billion in assets.

You may know us more for some of our initiatives, such as the Greenways Initiative or the New Economy Initiative or even the groundbreaking support we provide for Detroit's Grand Bargain. However, at the heart of our work is the desire to raise permanent endowment to provide the charitable capital that our communities and charities need now and into the future.

The previous tax credit helped to build visibility for our foundation and the concept of endowment. We generated support for our funds that address homelessness, youth, the environment, seniors, and other interest areas. I can still picture the hand-written notes from the elderly couple who regularly gave to the Eugene A. Howe Endowment Fund, which helps individuals experiencing homelessness to become self-sufficient contributing members of society. The couple was motivated by the story of Mr. Howe, who himself lived on the streets of Detroit, but wanted to create a fund like Mr. Rockefeller. As it turned out, despite his circumstances, Eugene did have financial resources to establish a fund in his name that will benefit people like him who experience homelessness for generations to come. I have also included a link in my testimony for those who might like to learn more about Eugene Howe: cfsem.org/story/eugene-howe.

The tax credit also incentivized gifts to the hundreds of organizations that have established permanent endowment funds with us. We now have more than 230 nonprofit organizations across our region who are building endowment with us. Examples include Gleaners Community Food Bank, Detroit PAL, The ARC of Northwest Wayne County, Alternatives for Girls, The Amity Foundation, Lighthouse of Michigan, The Guidance Center, Clinton River Watershed Council, and the Arab American National Museum (a program of ACCESS).

I would like to share a story about the Old Newsboys Goodfellows Fund of Detroit. One of their donors vowed to help them raise more than \$1 million for endowment, and he did that mostly through tax credit gifts. I can remember when we would receive envelopes filled with dozens of checks. This particular fund received more than 200 gifts every year from 1997 through 2011, including a high of 285 gifts in 2004. In 2022, the fund received just 26 gifts. Throughout its history, the fund has received more than 4,600 gifts totaling more than \$2.1 million. More than 4,000 of those gifts were \$500 or less. Distributions back to the organization from the fund have also totaled more than \$1.8 million, and the fund balance is more than \$2.5 million. The totals show the power of permanent endowment to support the mission of an organization over time, and in this case, the tax

credit greatly enhanced the capacity to grow the endowment and carry out their mission of “No Kiddie Without a Christmas.”

When the tax credit went away, we thought that new organizations might be hesitant to build endowment with our community foundation, but dozens more have established funds since that time. One former executive director compared his organization’s endowment fund to his own personal retirement fund. He knew that both were necessary, difficult to build, but would be important when distributions were needed. The long-term perspective and investment growth over time were important, but so too were the regular contributions of any size, he said. Having the tax credit available helps organizations to incentivize their donors to help them do this important work to sustainability for the future.

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