

DRAFT –2/8/03
State of Michigan Foundation Liaison

Goal – To support an executive staff position within the Governor's office that would focus on opportunities to connect the common interests of grantmakers and state government.

Background

Governor Granholm and a group of foundation leaders have expressed interest in the possibility of creating and supporting an executive staff position (Foundation Liaison) within the Governor's office that would focus on opportunities to connect the common interests of grantmakers and state government.

For a Foundation Liaison to be successful, the supporting foundation community and the Governor's office must agree upon the expectations and limitations of the position. This document provides the basis for a Memorandum of Understanding that will include: specific objectives, how the position would function in state government, how the position would relate to the grantmaking community both through the Council of Michigan Foundations (CMF) and directly, and a plan for how the position would initially be funded by foundations and replaced totally with public support by the start of year four of the Granholm Administration.

It is recognized that both the State budget and the endowed assets of foundations have been adversely affected by the economy and weak stock market performance over the past three years. As a result many foundations have been forced to reduce their giving levels for 2003 in order to preserve the original values of donor gifts (principal). Therefore, while opportunities may be developed for funding partnerships between foundations and state government, the Foundation Liaison is not being presented as a fundraising position for State Government.

This position builds on the many years of close cooperation between the foundation community and previous Governors in strengthening the nonprofit sector and the environment for giving and volunteering in Michigan. For example, the foundation community worked closely with Governor George Romney, while he was Governor and in later years, in supporting development of a network of volunteer centers – now known as Volunteer Centers of Michigan. In the early 1980s, at a time when the State's unemployment was in double digits, the foundation community and Governor Blanchard's administration collaborated on development of the Michigan Investment Fund.

Throughout the 1990s the foundation community has worked with Governor Engler and the Legislature on a number of collaborations including formation of the Michigan Community Service Commission and partnering on its projects such as the Annual Governor's Awards on Volunteerism, creation of endowed community foundations covering all 83 counties with the help of a permanent tax credit, and distribution of tobacco settlement funds through these community foundations. Most recently the Foundation community has worked with the Michigan Community Services Commission

and Michigan Nonprofit Association to respond to the Governor and Legislature's support for endowing Connect Michigan Alliance – an innovative hub to promote and support volunteering. These examples have made Michigan a national model for public-private partnerships and a strong nonprofit sector.

Objectives

The following four objectives provide a starting point for framing the Memorandum of Understanding.

1. Increasing state officials' understanding of philanthropy and the potential roles it can play in partnership with state government

Because of their years of grantmaking experience, some foundation trustees and staff represent a tremendous source of knowledge. However, evaluation findings that could inform state government are often left on the shelf or remain with institutions that do not have the capacity or opportunity to communicate with the appropriate state executive branch officials or members of the legislature. The Liaison would work with the Governor's staff, appropriate state agencies and targeted members of the legislature to increase the understanding of the potential roles philanthropy can play with Michigan's public sector. In addition, the Liaison would work with the President and Trustees of the Council of Michigan Foundations as appropriate in its work with the Executive Branch and Legislature as summarized below in furthering relationships with foundations.

2. Supporting models that improve the efficiency and/or effectiveness of state government

Foundations are in a unique position to work with both nonprofit organizations and government entities on program models that seek to better serve the public and specific target populations. Foundations could support evaluation of such programs that inform state policy and provide an ongoing opportunity for continuous improvement in the operation of state-run programs. The Liaison would provide information and technical support to state officials as they develop relationships with state and national funders for program models that can support the Governor's strategic policy priorities. Because State government is often looking for partners for program implementation to respond to matching fund requirements of federal grant initiatives, the Liaison can develop a process for communicating these opportunities to funders.

3. Responding to opportunities for new local and regional public private partnerships that better serve populations in the implementation of government programs

Because many local and regional foundations have been involved in their communities for periods ranging from 75 to 10 years, they are a resource to assist state government on how programs are locally implemented. Some of the local and regional public-private partnerships that already exist could be effective models for implementation of the Governor's policy priorities. The Liaison would identify such models as well as their

private partners that may be willing to consider support that would enhance or make more efficient use of state and state administered funds in local communities.

4. Attracting new national grants and federal dollars to Michigan

There are national private foundations that could be a source of new resources for efforts important to our state. There are also a number of federal grants that Michigan could apply for if the correct public/private relationships are created. The Liaison would assist the nonprofit community, private foundations, and appropriate state departments to attract these new dollars to our state.

Position Design

Serving at the pleasure of the Governor and reporting directly to the Governor, the Liaison should be staffed by a person with a working knowledge of both philanthropy and state government – able to create the appropriate relationships with the foundation community and with the departments of state government. It will be important for the Liaison to be seen as a credible member of the Administration in order for this person to be able to work with and through the existing departments of state government, to understand the expectations and desires of those departments, and to communicate those with specific foundations on partnership opportunities. The Liaison must work to manage the expectations of both members of state government and the foundation community at a time of fiscal restraint and limitations.

Limitations - It will be important that state government and the foundation community agree on what this position cannot do. The Liaison should not be used to replace existing government dollars or to fund “foundations” or “trusts” that are run by or for state government. It should not be seen as a development office for state government or as a gatekeeper to state government.

Funding the Liaison

It will be important to balance the funding needs of the Liaison with the need to institutionalize this position within state government before the end of the Governor’s first term. It is proposed that foundations would provide three years of funding: 100% in years one and two, and 50% in year three. In the fourth year, state government would be expected to assume all costs for the Liaison.

The budget supported by the foundations would include the salary and benefits cost for the Liaison and an Administrative Assistant, and modest travel expenses. It is estimated that the personnel and travel costs could be as much as \$250,000 a year, or \$625,000 over the three year period. The state is expected to cover needed office expenses, such as phone and postage, from the outset.

A number of foundations have expressed interest in participating in this special partnership. Two foundations, The Hudson-Webber Foundation and the Kellogg Foundation, have already verbally pledged a total of \$150,000. It is anticipated that the

remaining costs for year one could be raised in the first quarter of 2003, and the remaining funds necessary for years two and three could be committed by the end of 2003. It is recognized that interested foundations will need to receive formal proposals and would proceed within their normal grantmaking cycles.

Role of the Council of Michigan Foundations (CMF)

The Council of Michigan Foundations (CMF), a nonprofit membership association of more than 400 grantmakers, has agreed to serve as the fiduciary agent for foundation grants that would fund the Liaison. CMF would be the grantee for any grants for the Liaison and would either distribute the funds to state government to pay for related expenses or enter into independent consulting contracts jointly with the State for the two positions being considered. CMF would form an Advisory Committee of up to five foundation representatives to meet at least annually with the Liaison and other targeted Governor's staff to review progress in meeting the objectives identified above.

CMF has a 30 year relationship with state government and is viewed as a nonpartisan, neutral partner. CMF staff will continue to work with the Governor, Governor's staff, Attorney General and Legislature on regulatory issues affecting philanthropy, such as the permanent community foundation tax credit. Existing CMF partnerships with state government include: the Tobacco Settlement Partnership through the Michigan Community Services Commission; the Emergency Homelessness Prevention Project with MSHDA; the Michigan IDA Partnership with FIA; and the Michigan AIDS Fund with the Department of Community Health.

In addition, CMF has an active public policy committee that has identified six specific issues for attention by grantmakers: K-12 school reform, access to health care; welfare reform; workforce preparedness and land use. The Liaison would work with the Public Policy Committee but not be involved in lobbying matters affecting philanthropy. In addition, the Liaison would work closely with CMF staff to use as appropriate existing communication tools with grantmakers.