



Testimony Presented to the Senate Finance Committee Charitable Tax Credits

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Good afternoon, Chairman Brandenburg and members of the Senate Finance Committee. My name is Rachel Richards, and I am a policy analyst for the Michigan League for Public Policy. I would like to thank you for the opportunity to support the charitable tax credits before you today.

In 2011, with the removal of these credits, we took the state in the wrong direction. The Flint water crisis has given us pause to reflect on the role of nonprofits in Michigan. Lately, the nonprofit sector has had to step up and provide for Michigan residents where state government has been unable to fully help. In 2011, we disincentivized contributions to these programs and services that we are now relying on even more. As the state and its people have to depend more on nonprofit organizations, we need to make it easier for them to provide for our residents. This is made even clearer by the state of our state today.

1. **Poverty in Michigan is still way too high, with about 1 in 6 Michigan residents—and nearly 1 in 4 children—falling below the federal poverty line.** Poverty rates are higher for people of color and families with young children. According to the most recent data, 32% of children live in a household with parents that lack secure employment, which means that either one or both parents lack full-time employment or they have to piece together part-time or temporary jobs that do not provide sufficient or stable income. This puts children at greater risk of falling into poverty. Poverty has a significant negative impact on children, affecting their educational, emotional and behavioral development. It also can be cyclical; children that grow up in poverty have a greater likelihood to be poor later in life than those not raised in poverty.
2. **Too many Michigan residents struggle to put food on their tables.** According to the USDA Economic Research Service, between 2012 and 2014, 14.7% of Michigan residents were food insecure, with 6.3% of Michigan residents having very low food security. Both of these percentages are slightly higher than the national average. Nearly 1.7 million Michigan residents receive food assistance, with 26% of Michigan's children aged 0-18 years on food assistance. And 46.7% of school-aged children are eligible for free or reduced-price lunch.
3. **Too many Michigan residents have other economic pressures that make providing for themselves or their families difficult.** For example, lack of safe, affordable and reliable transportation is a barrier to employment and often makes them unable to accept or retain a job. Additionally, housing is often one of the largest costs that families face. In Michigan, 32% of children and 61% of low-income children live in households where housing costs make up nearly

one-third of their income. When housing expenses are this high, these families are often unable to meet all of their basic needs.

No one in Michigan should wonder where they will sleep or how they will put food on their tables, but the reality is that too many Michigan residents deal with this on a daily basis. Food banks are serving more people, and there aren't nearly enough homeless shelters to help everyone on Michigan's streets. These services that are at least in part supported by charitable donations are vital to many Michigan residents' survival, and we should do everything we can to ensure that these programs have what they need to provide for our fellow Michiganders. You have an opportunity to truly help today by reversing the 2011 decision to eliminate these credits.

Thank you for taking the time to listen to me, and I urge your support of this legislation.