

Mary Alice  
McKenzie  
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Testimony of Mary Alice McKenzie before House Ways & Means  
Committee on March 12, 2015 regarding capping deductions

Thank you for allowing me to offer these comments on the concept of  
capping allowable deductions that would include charitable donations.

As an executive director of a charitable non-profit that relies on  
community support (almost exclusively) in order to do our work on  
behalf of children in need, I ask you to thoughtfully consider the  
unintended consequence that my colleagues (The Boys & Girls Clubs of  
Rutland, Brattleboro, Vergennes and Montpelier and Vicky Smith the  
Executive Director of The King Street Center and Leisa Pollander the  
Executive Director of The Sara Holbrook Center) and I strongly believe  
will follow from including charitable donations in the calculation of a  
deductions cap.

The Boys & Girls Clubs, The King Street Center and The Sara Holbrook  
Center raise the funds necessary to fully support low income and at-risk  
children from many different donors and philanthropists. We fund raise  
so that we can provide food, clothing, safe spaces, as well as many  
different programs run by qualified and loving adults. Our private  
donors allow us to access resources to support the children who need  
us the most without having to depend on tax payer dollars distributed  
by governmental agencies.

Some would argue that the work we do should be the work of our  
government. But, one thing that I have never heard argued is that the  
work we do is of no value to our communities. Quite the contrary, our  
results prove that our work benefits our communities in numerous and  
valuable ways.

The measure of our value could be the 50,000+ meals our centers served last year to hungry children, or the thousands of low income children we tutor and mentor year round so that they too have the support they need to succeed in school, or the growing number of low income youth our Club in Burlington is helping to succeed in post-secondary education environments so that they can build sustainable lives. Or perhaps value should be measured by the growing number of pre-k low income children who are receiving quality and affordable care at King Street and Sara Holbrook.

By any measure, our work makes a positive difference in the lives of thousands of children, every day. And our work, funded by our donors, improves the quality of life in our communities.

It makes no sense to us for our legislature to do anything that puts at risk the donor dollars that are the lifeblood of our work.

Speaking only of the funds raised by the Boys & Girls Club of Burlington, we raise approximately 1.4 Million dollars every year to support our annual work. Approximately 85% of those funds come from private donors. In addition, we have raised \$3 Million dollars towards a \$5 Million dollar goal for our scholarship fund to be able to sustainably support our low income children achieve postsecondary degrees or certifications.

Our support for the education of the children we serve is our best strategy to bend the poverty curve. Every single dollar raised for our scholarship fund has come from private donors.

Every donor is important to us, whether a small donor or a large donor. The truth is that we can't respond to the basic needs of the children we

serve AND try to be a long term solution to poverty without donors of all kinds. That said, the major donor, the donor most at risk if the cap you are considering is adopted, has special impact in our world.

Generally speaking, it is the major donor who makes multi-year commitments to our missions. It is the major donor who helps us with the significant funds that have to be raised to build capacity through capital campaigns. We don't build luxury suites when we conduct a capital campaign. At the Club we are building our capacity to support more low income kids in post-secondary education. King Street built capacity essential to serve more children from birth to 5 years old in a high quality child care and early learning environment. Sara Holbrook is pushing hard to increase its capacity to serve more low income pre-k children and elementary school aged children. These are strategic and long term poverty busting strategies that are sorely needed in our State. We are doing the work and our major donors are funding it.

If we are right and this legislative action causes a reduction in donor investment in our work, the need for our work will not go away. If we are not able to perform the work due to lack of funds, we will either have to come to Montpelier for funding or Montpelier will have to expand its' own case load of work. This does not make sense to us.

Let me end by giving you a very concrete example of negative unintended consequences. The Boys & Girls Clubs in Vermont together help the Agency of Human Services meet the Maintenance of Effort requirement set by federal authorities for purposes of drawing down the TANF block grant. The way this works is pretty simple. Because the Boys & Girls Clubs serve a very low income population of children, our non-governmental funding can be used by Vermont as counting

towards the Vermont MOE requirement. In other words, every private donor dollar we raise helps our State meet its MOE requirement necessary to access the amount of federal TANF support coming into VT. So, from 2009 through 2014, \$7,506,612.00 of private donor support has been available for VT to include towards its MOE match requirement. If our private funding is compromised the MOE match will also be compromised.

It does not seem wise to us for the legislature to put our funding, our work and the MOE value we provide at risk.

Thank you again for your consideration of our perspective.

I would be happy to answer any questions you might have now or at a later time.

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