

**St. Louis**  
**Social Contribution Testimony**  
**9-21-10**

# Gary Cobb Social Contribution Testimony

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1 MS. GEISMAN: I think the state  
2 Historic Tax Credits were probably from 10 to 2 percent of  
3 those project costs.

4 CO-CHAIR STOGEL: Right. I would agree  
5 that that's the deal, but for the record, I think we should  
6 find out what it is today --

7 MS. GEISMAN: I can do that.

8 CO-CHAIR STOGEL: -- because it shows  
9 the leverage power of the credit.

10 MS. GEISMAN: Thank you --

11 CO-CHAIR STOGEL: Okay.

12 MS. GEISMAN: -- for letting me do  
13 this.

14 CO-CHAIR GROSS: Is that working at all  
15 back there? So you got to get real close.

16 Next -- any questions from any of the  
17 Commissioners?

18 Barbara, thank you very much.

19 MS. GEISMAN: Thank you.

20 CO-CHAIR STOGEL: Barbara, thank you.

21 Next is Gary Cobb. State your name for the record, please,  
22 and proceed.

23 MR. COBB: Gary Cobb. I appreciate the  
24 opportunity to talk with the Commission today.

25 Again, my name is Gary Cobb. I'm the

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1 development director for Butterfield Youth Services in  
 2 Marshall, Missouri. We are a residential treatment  
 3 facility for abused and neglected children. We've treated  
 4 over 1,700 children in our 47-year history.

5 Today what I would like to talk about is I  
 6 hope we realize that not all tax credits programs are  
 7 created equally, which I'm sure you're aware of. I'm here  
 8 today to talk about the NAP Tax Credits.

9 Our agency has been fortunate enough to  
 10 participate in both the Youth Opportunity Program and the  
 11 Benevolent Program, which I'm certain you're all aware of.

12 Essentially the donors of these programs are  
 13 self-directing their tax obligations to charitable causes.  
 14 The work we do does not exist in a vacuum. The children  
 15 that we care for are generally wards of the State, daily  
 16 purchase of service rates by the State for these children  
 17 covers only 72 percent of the actual cost of care.

18 These tax credit programs make it possible  
 19 for Butterfield and other agencies like ours to fulfill our  
 20 obligation that the State has to care for these children.

21 Butterfield has primarily used our funds --  
 22 our taxpayer funds to help with construction of new  
 23 facilities and rehab and maintenance of existing  
 24 structures. The use of the tax credit proceeds along with  
 25 other support of other private donor gifts has allowed us

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1 to build and maintain safe and secure facilities for our  
2 children.

3 From an economic development standpoint,  
4 these projects provided jobs and stimulated the local  
5 economy.

6 From a human services standpoint, we can  
7 show positive incomes -- or positive outcomes, excuse me,  
8 from having facilities that support our programming  
9 objectives. We certainly realize that the State budget is  
10 strained, which is why I think it is more important than  
11 ever to differentiate between the types of taxpayer  
12 programs that are out there.

13 Benevolent Tax Credit programs already have  
14 statutory caps. We would request that Benevolent Tax Credit  
15 Programs be taken off the table during the forum  
16 discussion, or that they become a protected class of tax  
17 credits designated for children and families to be  
18 instituted similar to the Circuit Breaker Tax Credit  
19 Program for senior citizens.

20 You know, the personalize the issue a little  
21 bit, I -- you know, I guess I want to point out that we're  
22 not just dealing with fiscal budgeting in a given year  
23 when we talk about money for families and children.

24 As a young boy, I grew up with Butterfield  
25 Youth Services, which was then known as the Butterfield

1 Boys Ranch. I'm happy to say that the investment that was  
2 made in my life has paid off. In 30 years of business in  
3 the state of Missouri, I own businesses that created  
4 hundreds of jobs, hundreds of thousands in sales tax  
5 revenue. I've also paid my fair share of income tax, both  
6 state and federal, and I was actually several years ago  
7 able to make a sizable donation through the tax credit  
8 program.

9 I'm not patting myself on the back. I just  
10 want to make the point that the money we invest today  
11 affects generations of families. We want the children we  
12 service to contribute to society. We want them to have  
13 jobs. We want them to make good decisions when it -- when  
14 it comes to parenting, and this translates into fewer  
15 dollars for Food Stamps, Aid to Dependent Children, special  
16 education and also prison beds.

17 So we hope we can save this tax credit  
18 program. Thank you.

19 CO-CHAIR GROSS: Thank you Mr. Cobb.

20 CO-CHAIR STOGEL: Mr. Cobb, we've heard  
21 from St. Joseph and Cape Girardeau organizations like yours  
22 that are focused in on contributions, what you call  
23 Benevolent Credits. One of the things we would ask for as  
24 a follow-up is as to the NAP credits when you build  
25 something and as to the YOP credit when you've reach

1 cooperations.

2                   What percentage of the credit will -- is to  
3 your total operating budget, because what we're seeing  
4 is --

5                   MR. COBB: Well, we don't use money for  
6 operating budget.

7                   CO-CHAIR STOGEL: The tax credits?

8                   MR. COBB: No. We use that for  
9 construction projects that -- that help us with our  
10 programing.

11                   CO-CHAIR STOGEL: We would like more  
12 information on how credits help you on capital and what  
13 percentage they are and how you pay for your operations.

14                   MR. COBB: Okay. I can tell you on a  
15 building. On our \$2 million building project, it will be  
16 about 20 to 25 percent.

17                   CO-CHAIR STOGEL: We would request more  
18 test -- more testimony.

19                   MR. COBB: I will get you some of that.

20                   CO-CHAIR STOGEL: Trying to build a  
21 library, which has worked for many non-profits.

22                   MR. COBB: Okay.

23                   CO-CHAIR STOGEL: And it would be  
24 valuable information. Thank you.

25                   MR. COBB: Any other questions? Thank

# James Braun Social Contribution Testimony

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1 you.

2 CO-CHAIR STOGEL: Thank you.

3 CO-CHAIR GROSS: Thank you. Next on  
4 the list is Jim Braun. Welcome, Jim. Go ahead and state  
5 your name and spell it for the record too. I keep  
6 forgetting to say. And then proceed.

7 MR. BRAUN: Sure. My name is Jim  
8 Braun. It's B-R-A-U-N, and I'm president and CEO of Youth  
9 In Need. And thank you very much for the opportunity to  
10 address the Commission today.

11 Youth In Need is another organization that  
12 utilizes both Neighborhood Assistance Program and Youth  
13 Opportunity Program tax credits. Youth In Need is a  
14 prominent private, not-for-profit organization. Each year  
15 we serve over 10,000 children of all ages and family  
16 members through out the greater St. Louis metropolitan  
17 region.

18 Our clients face many obstacles to being  
19 successful in life, including poverty, unemployment,  
20 homelessness and mental health issues. Our services  
21 include home -- parent home education, and in-home parent  
22 education, early childhood education and developmental,  
23 shelter and transitional living for homeless and runaway  
24 youth, mental health counseling, foster and adoptive care,  
25 and after school programs in high-need communities. We're a

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1 multi-service agency in other words.

2           These programs have documented success in  
3 assisting children, youth and families in overcoming  
4 obstacles, becoming economically self-sufficient, and being  
5 successful at home, school and the community.

6           And I really want to emphasize that my  
7 comments today don't just represent Youth In Need's  
8 management and board of directors. But really I feel like  
9 I'm representing the thousands of Missouri's vulnerable  
10 citizens of all ages that we serve each year who really  
11 don't have a voice in public policy matters. And I urge  
12 you to hear their voice through mine.

13           Youth In Need's grow and success in helping  
14 vulnerable populations become self- -- to become  
15 self-sufficient and successful has largely been due to our  
16 having consistently over many years received both the NAP  
17 and YOP Tax Credits. We have an outstanding multi-year  
18 track record of securing approval for proposals, securing  
19 donations for the full level of tax credits awarded year  
20 after year and meeting and exceeding the project  
21 performance and outcome goals.

22           NAP and YOP tax credits have also been used  
23 as local match funding to secure federal grants for  
24 Missouri. These are discretionary grants that might  
25 otherwise have gone another state. As an example, because

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1 our NAP project supported enhanced services for early  
2 childhood services, Youth In Need was the only organization  
3 awarded federal Stimulus Act funds for both Head Start and  
4 Early Head State in the eastern half of Missouri.

5 Our ability to use and leverage NAP funds at  
6 local match was a component in getting \$2.4 million, adding  
7 60 new jobs and providing over 200 additional families in  
8 poverty with comprehensive health, education and mental  
9 health services.

10 We likewise utilize YOP funds to both expand  
11 services for at-risk youth and teens and benefit the local  
12 economy. Over the past ten years, Youth In Need has  
13 secured over \$5 million in federal grants to serve runaway  
14 and homeless youth using YOP funds as a significant portion  
15 of local match requirements.

16 These programs have helped over 80 percent  
17 of these youth to become reunited with their families  
18 and/or self-sufficient young adults contributing to rather  
19 than burdening society. We fully understand the viewpoint  
20 the tax credits in Missouri must be reviewed and  
21 potentially reduced given the economic conditions on the  
22 State budget.

23 Charitable Tax Credits, however, the  
24 previous gentleman made the same point, like YOP and NAP  
25 really are different and must be categorized as distinct

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1 from the vast majority of other tax credit programs which  
2 are largely targeted toward business development.

3 And our main concern is that the importance  
4 and value for the public good of charitable tax credits,  
5 especially NAP and YOP, will be underestimated and  
6 overlooked given the debate about business development tax  
7 credits.

8 By our calculations, the major tax credit  
9 programs in Missouri that are targeted for vulnerable  
10 children and their families comprise less than 2 percent of  
11 the total of Missouri tax credits redeemed in 2009. Yet,  
12 these types of tax credits may actually have the greatest  
13 impact, not only from a social betterment standpoint, but  
14 also as an economic development tool.

15 That may surprise you, but let me tell you  
16 why. Nobel Laureate Economist Dr. James Heckman gave a  
17 major presentation last November to business leaders here  
18 in St. Louis, at the Federal Reserve Bank in St. Louis,  
19 where he asserted that investments in high-quality, early  
20 childhood and family development services yield rates of  
21 return and range of 7 to 10 percent per annum in real  
22 dollars compared to a post-war return to equity of 5.8  
23 percent.

24 His extensive data analysis indicated that  
25 investments of public funds in high-quality programs

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1 targeting disadvantaged families with young children bring  
2 far stronger returns on investments than traditional  
3 business development public investment tools, and I have a  
4 reference of that that I will leave with the Commission.

5 CO-CHAIR STOGEL: Thank you.

6 MR. BRAUN: In the case of YOP tax  
7 credits, this program was enacted by the Legislature when  
8 the Safe Schools Act was passed specifically to provide an  
9 incentive for citizens to support services for at-risk  
10 youth. It was never designed to be an economic development  
11 tool. Yet, it actually does have positive economic  
12 benefit.

13 For example, Youth In Need uses YOP funds to  
14 support programs for runaway and homeless youth that lead  
15 to their completing school and proceeding to graduate  
16 instead of dropping out of school. These folks also become  
17 self-sufficient taxpayers instead of remaining at risk of  
18 being on public assistance or incarcerated.

19 National data indicates that for every  
20 student who graduates instead of dropping out of high  
21 school governmental cost savings are estimated to be  
22 \$251,000.

23 Lastly, charitable tax credit programs like  
24 NAP and YOP increase private involvement in solving  
25 community problems, which decreases dependence on

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1 government solutions. By providing an incentive to the  
2 taxpayer for investing charitable dollars to high-quality  
3 programs in their community, Missouri is supporting local  
4 responsibility and decreasing the growth of government  
5 programs.

6 To summarize, if it weren't for NAP and YOP,  
7 Youth In Need would not be making significant community and  
8 economic impact it has been making for many years. Were  
9 these programs to be reduced or eliminated, Youth In Need's  
10 ability to sustain and enhance important programs would be  
11 seriously jeopardized. These programs are highly effective  
12 in meeting community needs, leading our most vulnerable  
13 populations to being successful and self-sufficient, and  
14 they provide an economic return on investment, reducing  
15 community dependency on government for solutions to  
16 problems.

17 Simply put, I urge you to consider my  
18 assertion that reducing tax credit programs like NAP and  
19 YOP to save a proportionally small amount of budget cost  
20 would be a classic example of the old adage "penny wise and  
21 pound foolish."

22 CO-CHAIR GROSS: Got that timed pretty  
23 well, Jim. Question for you. I remember a couple of years  
24 ago I think we were talking about the benefits of the NAP  
25 and YOP programs, and we were talking about the need for a

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1 measurement tool.

2 Now, you quoted an economist that you're  
3 going to give us some information on on his work, and  
4 that's great. But to put you on the spot here, do I  
5 remember you saying that someone was working on a  
6 measurement tool? We have economic tools for some of the  
7 programs that DED administers and some of them that works  
8 well, but others don't work well, particularly these two  
9 and more it doesn't work well at all.

10 Do you remember that conversation?

11 MR. BRAUN: Yeah. And I think my  
12 answer was we -- we are working as best we can. What  
13 programs like ours can do is to get better and better, and  
14 we are cranking out the -- some of the data that I  
15 mentioned with Dr. Heckman and early childhood, to my  
16 knowledge, is not out there yet. And that is -- some of it  
17 is like how much money is saved if you can get a kid to  
18 graduate from high school rather than dropping out. I  
19 quoted that.

20 But the -- the -- some of the specific  
21 return on investments in local communities really takes a  
22 level of number crunching and economic -- it -- there is a  
23 cost for researchers and economists to get together.

24 Part of our plight is always we're  
25 not-for-profit, and characterized as not being relevant to

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1 the economy. If we were making a lot of money for  
2 investors and that was a whole industry, there would be a  
3 great deal more interest in getting these numbers, I assure  
4 you.

5 So we are -- we feel like we're always a bit  
6 behind the curve, and handicapped in some way because we  
7 are -- we know there is enough data to say we are having an  
8 impact, certainly humanitarian, but economically as well.  
9 Measuring that program by program, subprogram by  
10 subprogram, honestly we're not there yet. Probably not as  
11 far as there are great models if you build a ballpark in  
12 the city or, you know, restore a house or whatever what  
13 that's likely to generate.

14 We don't have that quality of data except  
15 for Dr. Heckman's work, but we are getting closer, and if  
16 we lose the chance to keep doing this work, we'll fall  
17 further behind.

18 CO-CHAIR STOGEL: Mr. Braun, first of  
19 all to assure you and others in the room, there's a  
20 committee set up to deal with social programs headed by  
21 Bill Hall and Senator Justus.

22 MR. BRAUN: That's great to know.

23 CC. STOGEL: We will forward your  
24 remarks on to that committee.

25 MR. BRAUN: Great. I have written -- I

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1 will leave my written remarks with you.

2 CO-CHAIR STOGEL: And we appreciate  
3 that. Again, if you could separately submit information on  
4 where your clients, those 10,000 kids, come from, social  
5 service agencies or the courts --

6 MR. BRAUN: Uh-huh.

7 CO-CHAIR STOGEL: -- or the State. And  
8 then lastly the percentage of credits that comprise your  
9 operating budget, --

10 MR. BRAUN: Okay.

11 CO-CHAIR STOGEL: -- that would be very  
12 helpful.

13 MR. BRAUN: Do you want me to mention  
14 that right now, or submit it separately?

15 CO-CHAIR STOGEL: Separately is fine,  
16 or we can --

17 MR. BRAUN: Very briefly, in our  
18 programs, we really target tax credits to vulnerable  
19 populations in the general public rather than kids in the  
20 state system, kids in foster care. We do work with foster  
21 care, but our credits have historically not gone to those  
22 services. And if -- this is the other thing. It's like  
23 we, because we're not generating profits, we're  
24 not-for-profit, and invariably our grants, contracts,  
25 wherever they come from, state, federal, local, cover a

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1 portion, but not all of the costs.

2 We're always making up the difference, which  
3 is where these funds come from. So we leverage that money,  
4 as I explained, in getting federal grants and other grants.  
5 We -- it's actually a small portion of our total operating  
6 budget, less than 2 percent.

7 CO-CHAIR STOGEL: You said 2 percent in  
8 credits?

9 MR. BRAUN: Less -- 2 percent are the  
10 tax credits, --

11 CO-CHAIR STOGEL: Okay.

12 MR. BRAUN: -- but if you take that 2  
13 percent away, it could cause a third leg to pull out, and  
14 we'd have to close the whole program. So if that makes  
15 sense.

16 CO-CHAIR STOGEL: I understand. Thank  
17 you.

18 MR. BRAUN: Thank you.

19 CO-CHAIR GROSS: Next is actually Dick  
20 Murray is next on the list, but he didn't indicate he  
21 wanted to testify or not.

22 MR. MURRAY: I have no testimony.

23 CO-CHAIR GROSS: Thank you. Then the  
24 next is Alan Erdman. Welcome, Mr. Erdman.

25 MR. ERDMAN: Thank you.

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24 next is Alan Erdman. Welcome, Mr. Erdman.

25 MR. ERDMAN: Thank you.

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1 CO-CHAIR GROSS: State your name and  
2 please spell it for the reporter and then proceed.

3 MR. ERDMAN: I'm the Reference Alan  
4 Erdman. E-R-D-M-A-N. I'm the president and CEO of  
5 Lutheran Family and Children's Services of Missouri, and I  
6 very much appreciate the opportunity to be here to talk a  
7 little bit about NAP tax credits and YOP tax credits.

8 Lutheran Family has had these tax credit  
9 programs for over 15 years, and we have effectively sold  
10 every last tax credit that has ever been awarded the  
11 agency, and a lot of important services have been rendered  
12 to you because of that.

13 I will not go into all the detail, and I  
14 will try not to be redundant since the last two speakers  
15 have already talked about YOP credits and NAP credits. But  
16 last year we were able to serve 357 pregnant women through  
17 YOP credits. We served 177 children at the Hilltop Daycare  
18 Center, and we had over 650 youths that we served at -- in  
19 our youth mentoring program.

20 Real quickly, just to underscore the  
21 importance of this, the Hilltop Child Development Center is  
22 located in North City St. Louis. Ten percent of the center  
23 pays full fee. Everything is subsidized there.  
24 Demographically, if you look at the little kids in that  
25 center, 1 in 3 of the little boys in that center will be

1 dead by the time he's 18, 65 percent of the kids in that  
2 center come from a one-parent or a no-parent family. And a  
3 no-parent family is a family where a little kid doesn't go  
4 home two consecutive nights to the same house. And  
5 probably 45 to 50 percent of those kids have been sexually  
6 abused by the time that they are 6 years old.

7           So if you want to know why I think NAP  
8 credits are important, NAP credits allow us to touch the  
9 lives of those kind of children. \$325,000 of our NAP  
10 allocation went to support our WINGS program, which is with  
11 single expectant women throughout the state of Missouri,  
12 and I will give you just one example again that typifies  
13 the kind of people we're dealing with.

14           I happened to be down at intake the other  
15 day and our intake worker said, "Take a look at this  
16 intake." And I looked at it, and it's a mother with seven  
17 children, and she's pregnant with her eighth child. Now,  
18 it's pretty easy to quick come with the value judgments and  
19 go oh, man, how could she do that. And there's a little  
20 sign on there that said well, what does she want.

21           She wants her seven kids put in foster care  
22 so that while she has this eighth baby, she knows that her  
23 kids are safe. And I thought, oh, that's kind of  
24 reasonable. That's a good mother. Foster care worker says  
25 to me says to me, "Look at her age."

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1 She's 25. Can you imagine the neglect, the  
2 abuse, and the hurt that's gone on in that family, and yet  
3 that's what NAP credits does. NAP credits are able to say  
4 to someone like that, there is hope, there is a tomorrow,  
5 there is a future because we could level the playing field  
6 of your life.

7 Real quickly, what do NAP credits and tax  
8 credits, these tax credits do? They improve healthy  
9 births. They help prevent child abuse. They improve  
10 healthy child development. They make child care  
11 affordable. They improve a parent's ability to work. They  
12 decrease the likelihood of juvenile delinquency, and they  
13 help prevent teen pregnancy. And I'll give you all the  
14 statistics, but I'm just not going to bore you and read you  
15 all that stuff.

16 CO-CHAIR STOGEL: We will read  
17 everything.

18 MR. ERDMAN: Good.

19 CO-CHAIR STOGEL: We'll share it with  
20 all the Commission.

21 MR. ERDMAN: NAP credits and YOP  
22 credits change lives and touch lives, and I think Jim Braun  
23 did a good example already of telling you about how they  
24 also create jobs, because at Lutheran Family and Children's  
25 Services 100 percent of those credits are passed on in

1 serving people. We don't use those credits to build  
2 buildings. We use those credits to touch the lives of the  
3 vulnerable population.

4 So I'm here today not asking you to restore  
5 tax credits or to keep tax credits just so I can build a  
6 building. I'm asking on behalf of the people we serve that  
7 you keep those tax credits so that we can continue to be  
8 there for them.

9 Now, you were kind enough -- and this is my  
10 last little bit. You were kind enough to ask what's broken  
11 and not working. And I thought, wow, I'll just speak to  
12 that for a minute.

13 We applied back in the Spring to have our  
14 NAP credits renewed, which should have been renewed as of  
15 July 1. I received a letter last week, I think it was  
16 dated September 17th, that we were denied our entire  
17 allocation of NAP tax credits.

18 Well, that fact that we could not even get  
19 an answer between July 1 and September 17th, cost us about  
20 \$125,000. That's two and a half jobs with people who  
21 aren't going to be employed anymore because we simply have  
22 to make that up because we couldn't get an answer.

23 Now, I will also give you a copy of the  
24 letter I got, because the letter I got said you didn't meet  
25 our criteria, but we won't tell you the criteria you were

1 measured by, not will we tell you your score.

2                   So I would like to suggest that if you want  
3 -- are going back and you want to make an improvement, the  
4 improvement is let's have a level playing field, and let's  
5 have a playing field of transparency whereby we all know  
6 what the criteria are and we all know how we're being  
7 scored, because you know what, I can name 15  
8 not-for-profits in St. Louis who want to live up to that  
9 because we are accredited, we are measured, we have to  
10 prove that we know what we are doing, and we want to do  
11 that because we want to be a part of this state, and we  
12 want to be there for people.

13                   Now, it so happened that one of the folks in  
14 our office called the NAP office down in Jeff City, and we  
15 found out that the Legislature has actually allocated 16  
16 million bucks for this program. I thought, man, that's  
17 good news. You know, there's \$10 million for 50 percent  
18 credits, plus \$6 million for 70 percent credits.

19                   And then we found out, do you know how many  
20 NAP allocations have been approved so far?

21                   CO-CHAIR STOGEL: I do not.

22                   MR. ERDMAN: One for a hundred thousand  
23 dollars to a Food Pantry in Columbia, Missouri. Okay.  
24 Youth In Need has been turned down, Boys Town, Girls Town  
25 has been turned down, Lutheran Family has been turned down,

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1 Catholic Charities have been turned down, Jewish Family and  
2 Children Services have been turned down. Wow! All  
3 agencies who year after year after not only sold those  
4 credits, but have outcomes to prove we're serving people.

5 So I want to thank you today for the  
6 opportunity to be here to talk about not an agency, but  
7 people who are counting on you for those kind of credits so  
8 that there can be a difference in their lives.

9 Thank you.

10 CO-CHAIR STOGEL: Mr. Erdman, the --  
11 you're the first speaker who has brought to our attention  
12 in now four public hearings the status or non-status of the  
13 NAP processing down at the Department of Economic  
14 Development. We thank you very much for bringing that to  
15 the Commission's attention, and it's something that will be  
16 followed up on as part of our review, and we thank you for  
17 all your other remarks.

18 We also heard from one of your colleagues  
19 last night in Cape Girardeau, Missouri, --

20 CO-CHAIR GROSS: Molly Strickland.

21 CO-CHAIR STOGEL: -- Molly Strickland,  
22 who was present. Thank you.

23 SENATOR WRIGHT-JONES: Chair, I have a  
24 question.

25 CO-CHAIR GROSS: Please.

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1 SENATOR WRIGHT-JONES: Three questions.

2 Number one, exactly where is Hilltop located?

3 MR. ERDMAN: It is up on the corner  
4 of --

5 CO-CHAIR GROSS: Could you repeat the  
6 question. She doesn't have a microphone, so everybody  
7 couldn't hear the question. Please.

8 MR. ERDMAN: The question is Where is  
9 Hilltop Daycare located. It's on the corner Goodfellow and  
10 West Florissant in North St. Louis, and I'd be happy to  
11 take you there any time you'd like a tour.

12 SENATOR WRIGHT-JONES: I can get there.  
13 Second question. Who wrote the letter to you and said you  
14 didn't get it and we're not going to tell you why or what  
15 you did?

16 MR. ERDMAN: Here's the copy of it.

17 SENATOR WRIGHT-JONES: Who signed it?

18 MR. ERDMAN: Kim Baughman, Business and  
19 Community Services.

20 CO-CHAIR STOGEL: May we have that for  
21 the record, please.

22 SENATOR WRIGHT-JONES: And you've been  
23 waiting on that letter for two months?

24 MR. ERDMAN: Yes. The application  
25 should have been approved or denies as of July 1. That's

Erdman (cont.)

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1 the beginning date.

2 SENATOR WRIGHT-JONES: Okay. And this  
3 was the first time you've been denied your entire  
4 application. Have you had any prior to that in the past  
5 two years say, was it reduced at all or changed in any way?

6 MR. ERDMAN: We had our YOP allocation  
7 reduced \$100,000 and then pregnancy maintenance credits  
8 restored that \$100,000.

9 SENATOR WRIGHT-JONES: Thank you.

10 CO-CHAIR GROSS: Any other questions of  
11 Mr. Erdman? No. Thanks for being here.

12 MR. ERDMAN: Thank you, sir.

13 CO-CHAIR GROSS: Next on the list is A.  
14 M. Pruitt. Mr. Pruitt. We appreciate you being here. Go  
15 ahead and state your name for the record and spell it,  
16 please, for the reporter and then proceed.

17 MR. PRUITT: Adolphus M. Pruitt. Last  
18 name P-R-U-I-T-T.

19 Mr. Chairman, here's a copy of my written  
20 comments. My name is spelled out on that, as well as  
21 contact information.

22 CO-CHAIR GROSS: Okay.

23 MR. PRUITT: My name is again Adolphus  
24 Pruitt. I'm the chairman for the NAACP Missouri State  
25 Conference's Economic Empowerment Committee. I'm also

# Melissa Dann Social Contribution Testimony

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1 again, I have no idea, but it has to be substantial. So  
2 the -- the thing that I would ask the Commission to do is  
3 in looking at all the credits, and again I --I commend you  
4 for the time that you're putting in. This can't be no fun  
5 thing you have already done. And thank you for that, and  
6 thank you for the Commission.

7 But I would ask you to -- to measure for the  
8 Low-Income Housing Credit and for the Historic Credit,  
9 measure both sides of the ledger, because certainly they  
10 are generating revenue, and there are studies that show  
11 that they are actually generating more revenue than it's  
12 costing the State.

13 And that's my comments for today. Thank you  
14 very much.

15 CO-CHAIR GROSS: Thank you, Mr. Barry.  
16 Any questions for Mr. Barry.

17 MR. BARRY: Thank you.

18 CO-CHAIR GROSS: Thank you very much.  
19 Next I'm not sure. Michelle Shilling -- Schuller? Do you  
20 want to testify?

21 MS. SCHULLER: No, I'm not testifying.

22 CO-CHAIR GROSS: Then the next is  
23 Melissa Dann. Welcome.

24 MS. DANN: Thank you.

25 CO-CHAIR GROSS: Please spell your name

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Dann (cont)

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1 for the recorder and proceed.

2 MS. DANN: My name is Melissa Dann,  
3 D-A-N-N, and I am with St. Martha's Hall. We are a small  
4 shelter for abused women here in St. Louis. I wanted to  
5 talk today a little bit about the impact of the Domestic  
6 Violence Shelter Tax Credit on our programs.

7 Each year we serve about 110 women and their  
8 130 children. Unfortunately, because we are always full,  
9 we do have to turn away hundreds of families annually.  
10 Earlier this year one of three programs in the city of St.  
11 Louis had to close because of funding issues. It is vital  
12 that the other two shelters remain; otherwise, even more  
13 families will be turned away when they're trying to leave  
14 abusive partners.

15 Our annual budget is only about \$988,000.  
16 Two-thirds of that, roughly, comes from private  
17 contributions. In the last fiscal year, about 20 percent  
18 of those private contributions came in the form of  
19 individuals donating in order to receive those tax credits.

20 Last year we used approximately \$61,000 in  
21 tax credits, which represented \$122,000 in donations. If  
22 we were to lose that funding from those individuals, we'd  
23 lose roughly two full-time positions. We're only starting  
24 with 14 -- I'm sorry -- with 12 full-time and 2 part-time  
25 positions. So to lose two full-time positions would

1 devastate the services that we can provide.

2 We would end up not being able to bring  
3 women into the shelter during the hours of 11:00 p.m. to  
4 7:00 a.m. That's a third of the time that we would not be  
5 able to provide them with entry to a shelter program.

6 We can only surmise that we would lose most  
7 of that funding if we lost those tax credits, based on the  
8 facts that when we initially started getting the tax  
9 credits and publicized them, we saw about a 100 percent  
10 increase in our contributions, and we can't afford to lose  
11 that again.

12 Please, please maintain these tax credits.  
13 They provide the lifeline we need to continue saving lives.  
14 We're not asking for new doors. We're not asking for new  
15 doorknobs. We just want to keep open the one door that we  
16 already have.

17 I also want to address -- you had asked for  
18 suggestions. We work with -- our tax credit program is  
19 handled by the Department of Social Services. They have  
20 been phenomenal. We've never have hiccups in it. We get  
21 the allocations at the times that we're supposed to get  
22 them. We're able to request additional allocations as  
23 those funds become available. So the process runs  
24 absolutely smoothly.

25 And on behalf of the women and children that

1 we serve, I want to thank you all for allowing me to  
2 address you.

3 CO-CHAIR STOGEL: Melissa, two  
4 questions.

5 MS. DANN: Sure.

6 CO-CHAIR STOGEL: Where do the women  
7 come from? Are they referred by the court, by state  
8 agencies, where?

9 MS. DANN: No, women come to us of  
10 their own accord. They may be referred by police officers,  
11 hospitals, clergy members, other social service agencies,  
12 and they're just trying to get away from their batterer.

13 CO-CHAIR STOGEL: Do you get any other  
14 state funding tax credit funds?

15 MS. DANN: We do. We get a number of  
16 grants, both state and federal grants.

17 CO-CHAIR STOGEL: I'm just interested  
18 in state grants.

19 MS. DANN: We do get state services to  
20 victims, domestic violence shelter service funding through  
21 DSS.

22 CO-CHAIR STOGEL: So other than  
23 \$988,000, approximately ballpark would be state funding?

24 MS. DANN: Little over a hundred  
25 thousand, I would say. Just in -- I'm trying to think.

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1 CO-CHAIR STOGEL: Under 20 percent?

2 MS. DANN: Yes.

3 CO-CHAIR STOGEL: Good. That's --

4 MS. DANN: Yeah, oh, yea.

5 CO-CHAIR STOGEL: Okay. We appreciate  
6 it. Thank you very much. That's a great leverage for a  
7 relatively small comparative investment.

8 MS. DANN: Thank you.

9 CO-CHAIR GROSS: Thank you, Melissa.

10 Next is Steve Johnson. Welcome.

11 MR. JOHNSON: Senator. My name is  
12 Steve Johnson, J-O-H-N-S-O-N. I'm senior vice president  
13 for economic development for the St. Louis Regional Chamber  
14 and Growth Association, the RCGA. I think we can now say  
15 officially good evening instead of good afternoon. So to  
16 our co-chairman and members of the Commission, thanks for  
17 the time that you put into this.

18 I want to take just a few minutes and make  
19 just some very brief comments and general observations, and  
20 to your request, I will make two specific recommendations.

21 You know, for over 25 years, I've been  
22 involved in economic development, and for most of those  
23 years involved in -- within the state of Missouri in a  
24 couple of different cities, but always within my home state  
25 of Missouri.

# Connie Eller Social Contribution Testimony

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1 MS. ELLER: Thank you very much. I'm

2 Connie Eller.

3 CO-CHAIR STOGEL: This will be our last  
4 speaker before the break.

5 MS. ELLER: Thank you very much,  
6 ladies and gentlemen. I will make this quick.

7 We found out about this meeting at 3:05  
8 today, and I've prepared as best as I can. But I'm pleased  
9 to be here, especially to hear about these other tax  
10 credits.

11 I work in Dutchtown South, and I live in  
12 Hyde Park, and I'm a graduate of St. Louis U, which means  
13 I'm a city girl all the way, and I appreciate that.

14 I'm here to just advocate for a different  
15 kind of tax credit, and I think you were asking about the  
16 other kinds of tax credits.

17 My name is Connie Eller. C-O-N-N-I-E,  
18 E-L-L-E-R. I work at Our Lady's Inn, which is the  
19 emergency shelter for homeless pregnant women and their  
20 children. We have been opened since 1982, and we are about  
21 to beat our record for donor benefits, from the Missouri  
22 maternity homes, state tax credits, and we talk about it  
23 all the time.

24 Our Lady's Inn has a shelter at Maryland and  
25 Compton, three blocks away from here in South City, on

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Eller (cont.)

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1 South Grand, plus we have another one 45 miles away in  
2 Defiance, right next to the Busch Wildlife Center. So the  
3 criteria is for women to be pregnant, age 18 or older,  
4 homeless for any reason at all, and her young children can  
5 live there with her.

6 So I'm just going to mention about the human  
7 investment. We have served 5,000 or more women since 1982.  
8 We are a 24-hour emergency shelter. We are non-profit  
9 501c3. My boss could not be here today, but her name is  
10 Gloria Lee, and she has been with Our Lady's Inn 27 of its  
11 28 years.

12 We help a lot of different clients. It  
13 doesn't matter what their problems are. We just help them  
14 out, and Gloria wanted me to point out that we actually are  
15 a safety net. Let me explain why. The psych unit closed  
16 recently. I didn't know that, and we took a pregnant woman  
17 from the psych unit on Delmar. When DFC people came and  
18 our DFC needed some place to do the family services, the  
19 state agency needs some place for homes and pregnant women,  
20 we are there with these homes. Drug, alcohol problems, you  
21 know, you can imagine what's going on in their lives.

22 The Missouri Alternative Tax Credits help us  
23 raise the money. She estimated it would probably be about  
24 20 percent of the givers take advantage of the -- or 20  
25 percent of those that give are also taking advantage of the

1 state tax credits.

2 And in 2005, that helped us open the  
3 location that we have at St. Charles that we house 18  
4 families at a time on South Compton and 15 families at a  
5 time in St. Charles.

6 Also if you're ever interested, you can  
7 visit us. The address is on the information that I gave  
8 out. We give tours, we're open 24 hours a day, and just to  
9 let you know the return on your investment, if you look up  
10 Dr. Noguchi, Dr. Noguchi at at Cardinal Glennon Hospital, a  
11 few years ago he heard that Our Lady's Inn had an extremely  
12 low infant mortality rate. He did not believe that. So he  
13 commissioned and got a grant to do the study himself, and  
14 he did find that to be true. He started in 2004, and the  
15 study came out a couple of years after that. We have  
16 copies of that if you would like it.

17 I'm sorry. I'm trying to be as coherent as  
18 possible. It's been a long and tiring and hot and sweaty  
19 day.

20 And also if you look at  
21 charitynavigator.org, that non-profit rating organization,  
22 we have been given a four star rating three years in a row.  
23 That speaks very highly. We did not know that was coming,  
24 and unfortunately the bitter sweet thing is that Our Lady's  
25 Inn ranked top ten on Charity Navigator for lowest paid

1 CEO.

2 So we use our money efficiently, and we  
3 appreciate all of your help. What I will pass around to  
4 you is just one of these paper articles, and also I do  
5 believe that a former member of this Commission a few years  
6 ago, when he heard that we needed black hair supplies, he  
7 provided us for all these other things.

8 Now, I believe that's one of your former  
9 members. So thank you for your time, and I heard that it's  
10 just a very small percentage of the tax credits, the  
11 Alternative Home Tax Credits, so please keep that in mind  
12 and the investment, and we're just trying to help to make  
13 the community better by making the individuals better.

14 Thank you so much. Have a great night.

15 CO-CHAIR STOGEL: Thank you.

16 MS. ELLER: Thank you. Any questions?

17 Okay.

18 CO-CHAIR STOGEL: All right, everybody.  
19 Thanks very much. We'll reconvene at 7:00. The meeting is  
20 adjourned -- recessed.

21 (Thereupon, a recess was taken from  
22 6:20 p.m. till 7:15 p.m.; after which, the  
23 proceedings continued as follows:)

24 CO-CHAIR GROSS: Okay. The Governor's  
25 Tax Credits Review Commission will come back to order, and

# Glenn Koenen Social Contribution Testimony

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1 and I'm hoping that the Historic Tax Credits will still be  
2 a viable economic tool for us to support our communities.

3 Thank you so much for your work on this  
4 commission.

5 CO-CHAIR GROSS: Thank you for your  
6 testimony. We appreciate it very much.

7 CO-CHAIR STOGEL: It's nice to hear  
8 that you got projects, and thank you for telling us about  
9 it.

10 CO-CHAIR GROSS: Next is John Schmidt.  
11 Schmidt something. I can't read it all. Is there a John?  
12 No. How about David Eisengram? Essengram? Essen -- okay.  
13 More doctors.

14 How about --

15 CO-CHAIR STOGEL: We could just ask  
16 who's here.

17 CO-CHAIR GROSS: Sean Sandinbaugh?  
18 William Lobin? Glenn Koenen?

19 MR. KOENEN: Koenen.

20 CO-CHAIR GROSS: Koenen. We'd get to  
21 you eventually.

22 MR. KOENEN: My name is Glenn Koenen.  
23 K-O-E-N-E-N. I'm executive director of Circle of Concern  
24 in Valley Park. I'm also a former president of the St.  
25 Louis Metropolitan Food Pantry Association.

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1                   One of the smaller tax credits is the Food  
2 Pantry tax credit. It does not go to Food Pantries. It  
3 goes to the people who support us. It is very small, and  
4 yet that small project, that small credit of a couple of  
5 million dollars a year does induce a lot of people to give  
6 more to places like Circle of Concern.

7                   We have been pushing it very hard with our  
8 donors. What we're seeing now are people who look forward  
9 to the credit, and they give more to Circle because of the  
10 credit. We have a number of people who have maxed out on  
11 the credit at \$2,500 per taxpayer.

12                   Perhaps more interesting is we have a lot of  
13 families, a lot of senior citizens who claim a credit of  
14 \$50 or less. These are people who generally aren't going  
15 to get the multi-million dollar tax credits on a big  
16 downtown development. But this is a nice way to reward  
17 them for being generous in their community, and it also  
18 helps our Food Pantry.

19                   We are a growing industry right now. At  
20 Circle of Concern, we are tracking 25 percent ahead of last  
21 year's record rate for the number of people coming to us  
22 for food. And we do not expect that number to go down for  
23 at least two or three years.

24                   We've already spent \$105,000 cold hard cash  
25 buying perishable things like milk, eggs, fresh produce and

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1 frozen meat to share with families. So when we have a tax  
2 credit that induces someone to give us \$2,500 rather than a  
3 thousand, that makes a big difference.

4 We understand the state had a lot of  
5 financial problems. However, this small program is helping  
6 Circle of Concern and other Food Pantries, and thereby  
7 helping our communities. We will share food with about  
8 23,000 people this year by the time we get to the end of  
9 the year. That means we're going to give out more than a  
10 half million meals worth of food to people. Thousands of  
11 those meals are made possible by that tax credit.

12 Other Food Pantries could tell similar  
13 stories. A lot of our smaller Pantries are just now  
14 learning how to access the credits, so probably in the  
15 coming years we'll have more people who know about the  
16 credit and more people who want to partake in it.

17 So if you are going to increase any of the  
18 tax credit programs, please do ours. Thank you.

19 CO-CHAIR GROSS: Well, we appreciate  
20 you being here. That's the first time we've hear, I think,  
21 from anybody on the Food Pantry tax credit. Any questions?

22 SENATOR WRIGHT-JONES: I have one. How  
23 long have you been in existence?

24 MR. KOENEN: Circle of Concern has been  
25 around since 1967, and the Food Pantry Association goes

1 back to 1982.

2 CO-CHAIR STOGEL: So your business is  
3 down?

4 MR. KOENEN: We are too.

5 CO-CHAIR STOGEL: Thank you.

6 CO-CHAIR GROSS: Thank you very much.

7 Next is M. Ramsing. How about Joseph  
8 Litzing?

9 MR. BURLISON: Joe left. He's going to  
10 mail it in --

11 CO-CHAIR GROSS: Okay.

12 MR. BURLISON: -- or send it in.

13 CO-CHAIR GROSS: Yeah, I should mention  
14 also someone asked just before the break if they could mail  
15 in testimony. Absolutely, and the address is on the  
16 website, tcrc.mo.gov, and we'll get that to all our -- the  
17 committee members.

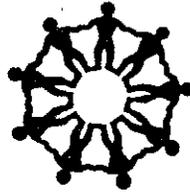
18 Brian Erpy. Paul Hohlman. Anyone else that  
19 would like to testify raise your hand or come forward.  
20 Please, sir. Maybe it didn't have a 'Y' next to it. Come  
21 on. Come on. Please. I'll find your name on the list if  
22 you signed up.

23 MR. MANSELL: I signed on --

24 CO-CHAIR GROSS: Oh, fair enough.

25 MR. MANSELL: I'm Jeff Mansell.

Koenen (cont.)



**Circle Of Concern**  
**our community's charity**

P O Box 444      Valley Park MO 63088  
636/861-2623      circleofconcern@att.net  
www.circleofconcern.org

September 21, 2010

Missouri Tax Credit Review Commission  
State Of Missouri

**Comments In Support Of The Food Pantry Tax Credit**

Dear Friends,

The Food Pantry Tax Credit has helped Circle Of Concern attract major donations, and, it has been a well deserved reward to scores of donors of modest means.

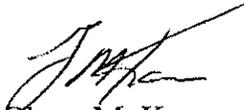
Last year donors to Circle asked us to process \$ 97,000 in pantry tax credit forms. Some donors reached the credit's maximum of \$2,500 per taxpayer. Many claimed just \$100, \$200 or \$300. A few asked for less than \$50.

Please be aware that Circle Of Concern and other charities with pantries are feeding more of our neighbors than ever. Between 2000 and 2009 the number of people fed by Circle tripled. Last year our pantry helped 18,036 people. This year demand is tracking 25% ahead of last year. By the end of this year expect to have shared enough food for better than 485,000 nutritious meals.

Next year we project that even more people will come to us for food. To feed them we will need much more food, as well as more money to buy perishable items: The food pantry credit helps us.

Missouri's Food Pantry Tax Credit has a 'cost' of less than 50¢ per citizen per year. It has a tremendous positive impact on the families helped by Circle Of Concern and those needing food from other pantries across the state. I ask that you recommend continued state support for the Food Pantry Tax Credit.

Thank you for your consideration.

  
Glenn M. Koenen  
Executive Director



YMCA of Greater St. Louis

September 21, 2010

### Tax Credit Review Commission

The Four Rivers Area Family YMCA serves a community that includes all of Franklin County, Gasconade County and part of Warren County. Recognizing the need for more services in our community, we were able to complete a successful capital campaign in 1996 raising \$3.2 million with the help of NAP/YOP credits. We opened a 32,000 facility in August of 1998 and within the first 12 months were able to grow our membership base to over 3700 members.

During the next 10 years, we grew our membership base to 5700 members with over 16,000 program participants annually. Having outgrown our space, we again had a capital campaign to raise an additional \$2 million for an addition that would allow us to expand health and wellness services to over 3500 additional participants. The availability of the NAP/YOP tax credits that we received again for the Four Rivers YMCA Capital Campaign allowed us to raise over 60% of our \$2 million dollar goal and expanded our health and wellness areas to our facility which opened in November of 2009.

This will greatly benefit our community and help us expand our services to the over 20 collaborations that we have in our service area. Some of these include St. John's Mercy hospital, East Central College, St. Francis Borgia High School, Patient's First Medical Group, Emmaus Homes, Franklin County Developmental Services, Washington School District, Union School District and the City of Washington.

In addition, the Four Rivers YMCA provided over \$223,000 in scholarships in 2009 for those families and individuals who would not otherwise be able to afford to participate in our programs..

If you would like to learn more about the Four Rivers Family YMCA community outreach and services, please contact me at 636-239-4882.

Debbie Toedebusch  
Executive Director  
Four Rivers YMCA

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