



Friday, September 14, 2007

www.detnews.com/apps/pbcs.dll/article?AID=/20070914/OPINION03/709140392/1003/METRO

Daniel Howes

\$100M to help region's economy

Ford Foundation, others aim to move Michigan jobs away from manufacturing

After months of wrangling, 10 foundations -- including the New York-based Ford Foundation -- are preparing to launch a \$100 million "new economy" development fund for seven counties in southeast Michigan.

It couldn't come at a better time for an economy staggering under job losses, plant closings, corporate defections, strained public budgets and aimless political leadership. The "New Economy Initiative" would target companies and projects aimed at diversifying Michigan's "old economy" and putting it on a path for growth.

The effort, which I first reported in February, follows the push by state Attorney General Mike Cox to force the Ford Foundation after decades of neglect to pour more of its \$12.2 billion fortune into the economic transformation roiling its ancestral backyard. The foundation, no longer affiliated with its namesake automaker, is still incorporated in Michigan.

"We are real," said Mariam Noland, president of the Community Foundation for Southeast Michigan, which will oversee the initiative once a director is hired. "There is \$100 million committed. It's not just a private venture fund. It's not just investing in new companies. We have an open canvas at this point."

The Ford, Kresge and Kellogg foundations have each committed \$25 million to the fund. There is \$10 million from the Knight Foundation; \$5 million from the Hudson-Webber Foundation; \$2 million each from the C.S. Mott, Skillman and Community foundations; \$1.5 million from the McGregor Fund. And in its first gift, the Max and Marjorie Fisher Foundation of Southfield committed \$2.5 million to the kind of cause Max Fisher would support.

"One hundred million is a lot of money on one hand," said Steve Hamp, former president of The Henry Ford and chairman of the initiative's new governing council. "But for the scale of what we're talking about, it's not a lot of money, considering the need."

That more than 60 percent of the funding is coming from outside Michigan underscores a stark consensus that the state's economic troubles are so bad they're worthy of major league philanthropy -- or, put another way, we're so bad that it's good.

"We are not done building the ship we are about to launch," said Hamp, adding that much of the fund will be aimed at efforts to create "high-wage, high-knowledge" jobs in the service sector. "We know Michigan needs to catch up in this area and that we are lagging."

Fresh task for foundations

This is new territory for many of these foundations. As Michigan's public money evaporates and many private investors wait for economic conditions to improve, these collaborating foundations are stepping into the breach with their own cash and big ideas but few specifics.

"There's not yet agreement on what to go after," a foundation executive close to the process told me. "There is common agreement on a vision, which is to increase prosperity and be a catalyst for transformation."

But there is agreement that need and opportunity exist in equal measure in southeast Michigan, particularly if the "New Economy Initiative" leverages its assets with economic development funds being devised by Detroit Renaissance and such regional economic planning efforts as One D. It should.

Already, Detroit has benefited from foundation largesse. The Ford and Kresge foundations are backers of the riverfront revitalization. Kresge, in a risky move, helped underwrite infrastructure improvements downtown. Skillman is a longtime supporter of efforts to benefit kids and urban education.

But the "New Economy Initiative" is a new animal, essentially a pot of money whose stewards intend to affect how some businesses are funded or whether the state's Big Three universities get more engaged in economic transformation.

The best part: It's not costing Michigan taxpayers or shareholders in public companies a dime. It's from the wealth that famous Michigan families like Ford, Kellogg, Kresge, Mott and Hudson earned in their heyday and then bequeathed to posterity.

A rich Ford legacy returns

As positive as the new fund will be to an economy thirsting for new capital, even more so is the prominent return of a Ford Foundation presence to its home.

Ford Foundation President Susan V. Berresford, despite the investigation Cox began quietly two years ago, has been "all over this thing," Hamp said, and is sitting on the fund's governing council until her retirement at year's end.

And several members of her staff are deeply involved in helping craft a strategy to help the fund deploy its assets, deliver maximum impact, measure the results and ensure accountability.

It hasn't always been that way. In 2005, Ford Foundation grants totaled just \$1.5 million. In 2006, they swelled to \$10.25 million. By early this year, grants and commitments totaled \$39.1 million.

Does Cox deserve some of the credit? Probably. Credit, too, the other nine foundations doubling down so a struggling, once-proud region might once again stand up.

Daniel Howes' column runs Mondays, Wednesdays and Fridays. You can reach him at (313) 222-2106, dchowes@detnews.com or <http://info.detnews.com/danielhowesblog>. Catch him Fridays with Paul W. Smith on NewsTalk 760-WJR.