

AHP in the News  
Hospitals report record fund-raising results

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Contributions from Michiganders and companies helped to make 2007 a record-breaking fund-raising year for many hospital systems despite the state's slumping economy.

In many cases, donations from grateful patients, board members, employees and civic leaders helped hospitals increase value by supporting costly new construction and technology or by converting semi-private rooms to private spaces.

With shrinking government reimbursements, slimmer hospital operating margins and higher costs to borrow money, health-care giving "has never been more critical," said Brian Peters, senior corporate vice president for the Michigan Health and Hospital Association, which represents the state's 146 nonprofit hospitals.

Mike and Marcy Klein of Bloomfield Township, for example, have made major gifts for seven years for Dr. W. Joseph McCune's lupus research at the University of Michigan.

McCune "went out of his way" to care for Marcy Klein after her lupus diagnosis, her husband said. Their donation gives the couple a chance to fund a cause that doesn't "generate the thunder in our community" the way cancer does, said Mike Klein, who owns the Southfield-based Marlin Steel Industries.

Health organizations reporting increases in fund-raising, in some cases their best year ever, included Wayne State University School of Medicine, \$21 million; the Detroit Medical Center, \$25 million; the Henry Ford Health System, \$52 million, and the University of Michigan, \$101 million.

#### Tough conditions

Each bucked serious obstacles: a state struggling with layoffs and foreclosures; pullbacks in corporate giving; a national downward trend in health care fund-raising, and heavy competition for philanthropic dollars. Other fund-raising entities such as United Way of Southeastern Michigan fell \$1 million short this year of its \$59-million target. United Way's goal was down from the \$73.4 million the agency raised in 2001.

Teams helped by prominent board members, such as former auto chieftains like Ford Motor's Allan Gilmour and Chrysler's Gary Valade, spent hours convincing community leaders, corporations and patients of the value of giving to local hospital systems.

And now, there's new emphasis on contributions from employees and board members.

"The first rule we learn is no one gives unless they are asked," said Gilmour, former vice chairman for the automaker and now board member of the Henry Ford Health System and chairman of its foundation.

Multimillion-dollar gifts, such as a recent \$8 million to \$10 million anonymous pledge of stocks to Harper University-Hutzel Women's Hospital in Detroit, "don't just magically turn up," said David Katz, vice president of development for the Detroit Medical Center, parent company of the hospitals.

"They are worked and cultivated pretty extensively," sometimes for years, Katz said.

The calendar matters

Many donations squeaked in just before the Dec. 31 deadline to qualify for 2007 tax breaks. November and December typically are a fund-raiser's busiest months.

About 6,000 of 20,000 donations last year to the Barbara Ann Karmanos Cancer Institute in Detroit were made in November and December, said Nick Karmanos, vice president of development, whose family name and multimillion-dollar donations over the years are gratefully acknowledged in the institute's title.

Increasingly, naming rights recognize the most generous givers.

These days, even ponds, walkways, gardens and spiritual centers at St. John's new Providence Park campus in Novi come with opportunities for naming rights, said Debbie Condino, interim president of the St. John Health Foundation.

For \$15 million, your name could grace the entire Novi campus.

The Henry Ford system will add a donor's name to its new medical pavilion in West Bloomfield, for \$25 million.

Thresholds for name-linked donations vary. "Typically about \$10,000 gets your name on a room," said Carla O'Malley, executive director of the Oakwood Foundation.

Many donors decline to request a plaque designating their donation, but "we encourage them to do it because it encourages others to give," O'Malley said.

How the money is used is exemplified by Oakwood, which has raised \$7.5 million in the past three years to update its Trenton hospital and convert all rooms to private ones.

Another Oakwood campaign aims to raise \$6.25 million to renovate a former UAW building in Dearborn for a program for children with special needs.

These specific projects give donors a chance to make a difference in causes most important to them. "The days of 'Here's my gift, do with it what you want' are over," said Jim Thomas, associate vice president for medical development at U-M.

#### Online donations

Lately, money is trickling in over the Internet. "We hope to see a lot more of that," said Margaret Casey, president of the Beaumont Foundation. A \$2-million donation to Beaumont, to be announced soon, arrived the old-fashioned way, by check, "in late December," Casey said.

Beaumont's fund-raising, though, dropped to about \$22 million in 2007 from \$27 million in 2006, she said. The difference was fewer gifts of more than \$2 million, she said.

Other health systems with drops in fund-raising, such as Oakwood, said giving often dips somewhat after large multi-year capital campaigns.

Bill McGinly, president and chief executive officer of Association for Healthcare Philanthropy, a nonprofit organization with 4,600 members, said giving in the last two quarters of 2007 appeared to rebound, after a downturn the year before.

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