

Private Money for Government Agencies:

Strapped municipalities search for new ways to pay for services

By Jean Merl

They range from the silly to the sophisticated, from a kiss-a-pig contest for Children's Court services in Ventura to a professionally run, direct mail solicitation for a human relations board in Los Angeles.

Financially strapped local governments throughout Southern California are increasingly turning to donation appeals and fundraising gimmicks to supplement what taxpayers provide or to pay for specific projects without using public funds.

At Los Angeles City Hall, Mayor Richard Riordan, a multimillionaire attorney-businessman and longtime philanthropist before his first bid for public office landed him in the city's top job in 1993, has taken private fundraising for public causes to new, and occasionally controversial, levels.

Through his personal efforts or those of his appointed committees of citizen and corporate volunteers, he has launched drives to computerize all police stations and patrol cars, to expand the city's Volunteer Bureau, to start a program that would improve services for children and their families, and to restore Getty House, the city-owned mayor's mansion. He also has helped raise money for a private, business-oriented group trying to overhaul the city's costly and cumbersome permitting system.

The efforts of other governments have generally been more modest, but launched with just as much enthusiasm. When San Diego opened a "city store" in 1992 and raised cash selling off such municipal castoffs as surplus flashing lights and old parking meters, San Juan Capistrano and Glendale quickly followed suit. Culver City last month became the latest U.S. city to offer its own credit card, joining San Francisco, Plano, Tex., and South Orange, N.J. in this particular wrinkle in municipal fundraising.

There are occasional, embarrassing flops--the Los Angeles County Health Services fundraising drive a few years back that actually spent considerably more than it took in, and the welfare workers who had to be stopped from holding unlicensed bingo games to raise money for department-supported charities.

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But there are impressive successes, among them the Library Foundation of Los Angeles. Founded just three years ago, it has raised more than \$8 million for city libraries and has begun ambitious projects aimed at netting millions more.

One of those successes was played out last month at a South Central Los Angeles branch library with the dedication of a computerized homework center, made possible through the foundation's new "adopt-a-branch program." The Bartman Foundation committed \$150,000 over three years to the city's Vernon-Leon H. Washington Jr. Memorial branch.

"When I was little, the library to me was a magical place," Cecile Bartman told fourth-graders assembled to celebrate her family foundation's gift. "Computers have opened a whole new world . . . but don't forget the books. They're still where the magic is."

The fundraising is sometimes controversial. When Los Angeles agreed to rename branch libraries after individuals or corporations willing to donate \$1 million to the Library Foundation - a proposal of the Riordan-appointed Library Commission - the program was denounced by those who dislike the idea of "commercializing" public facilities. "Where would it end? Ted Turner Harbor? Bill Gates International Airport? How about L.A. itself being renamed Sony City?" Joe Scott, a corporate and political consultant wrote in a Los Angeles Times Op-Ed piece in April, as the plan was being considered.

Critics of such municipal fundraising efforts also are concerned about the potential for conflicts of interest involving donors who do business with, or are regulated by, a local government agency. And some nonprofit service agencies, which are solely dependent on philanthropy, resent competition from publicly funded government groups.

But government officials and experts agree that the practice is here to stay, at least for as long as the current political and economic climates endure.

One department head for Los Angeles County, gripped by a financial crisis, said the message to managers was very clear during annual budget hearings in June.

"Every single department was asked, 'What are you doing to raise funds?'" recalled Ron Wakabayashi, executive director of the Human Relations Commission. "I felt I was hearing what may be the wave of the future."

He heard right, according to Jane G. Pisano, dean of USC's School of Public Administration.

"What we're seeing is part of the blurring of the lines between that which is public and that which is private, as government tries to use some of the same techniques as the private sector in becoming more efficient and maximizing dollars," Pisano said.

"Likewise, in the private sector, I see more and more businesses that are becoming involved in civic matters in a fundamental sense . . . more and more corporations understanding that their responsiveness on an array of social issues is good business," Pisano said.

No one has done better at fundraising than Riordan.

The Mayor's Alliance for a Safer Los Angeles, a volunteer group headed by Bruce Karatz, the chairman and CEO of Kaufman and Broad Home Corp., has raised \$13.5 million of its \$15-million goal and already has begun installing a time-saving "backbone" computer system to link all stations and patrol cars throughout the city.

Most of that amount has come from corporations and foundations, including a \$274,000 pledge from the mayor's own foundation, \$250,000 from Kaufman and Broad and \$3 million from the Ahmanson Foundation. People from throughout the city have also sent in small contributions.

For other projects, Taco Bell gave a \$100,000 grant to the city's Volunteer Bureau, which also gets some city funding, and \$175,000 from Kaiser and the Weingart Foundation for the Mayor's Committee on Children, Youth and Families. And L.A.'s Best, an award-winning after-school program started by then-Mayor Tom Bradley, receives about \$300,000 annually in private contributions to supplement its \$2.1-million budget from the Los Angeles Community Redevelopment Agency.

Not everyone wants to be publicly identified: About \$2.3 million in contributions to the Mayor's Alliance are described as "miscellaneous and confidential."

Contributors to private groups are not subject to the same disclosure requirements as those donating to city-run projects or political candidates. And that creates a potential for conflict of interest.

"In the right circumstances, public-private partnerships are a good way to achieve the public good --they can be win-win situations, a real boon to the city," said Pisano. But she said governments need "to take steps to ensure there still will be accountability to the public" by providing enough "sunshine" - public information about donors and contracting procedures, for example - to avoid the potential for conflicts of interest.

Riordan and the city Ethics Commission tangled several months back over an arrangement in which most of the salary of the mayor's then-chief of staff, UCLA management professor William Ouchi, was paid by a private group. The commission's director, attorney Benjamin Bycel, and Riordan's staff counsel eventually negotiated an arrangement by which Riordan and Ouchi would be shielded from knowing who the contributors were. Bycel felt the mayor should have taken some additional steps to minimize the potential for conflict of interest, but the whole episode angered and insulted Riordan.

"Every time somebody makes a gift to the city, the L.A. Times or somebody else tries to knock them," the mayor told a Times reporter inquiring about the arrangement early this year. "I think knocking them is detrimental to the city." He went on to describe Ouchi, a longtime friend who has since left Riordan's staff to return to UCLA, as "the most honest, most competent person I've ever dealt with" and said the city and its taxpayers were lucky to have him and have someone else pick up most of his \$120,000 salary.

Even without potential conflict-of-interest issues, fundraising for public services can be controversial.

Eugene Mornell, recently retired as head of the county's Human Relations Commission, was called a pioneer when his department in 1990 became the first government agency in the nation to try a direct mail appeal for donations.

But the commission stopped using the technique after local nonprofit agencies complained that the department was cutting into their fundraising efforts and some legislators denounced it for seeking private funds when it already had taxpayer support.

"I think it was a great idea . . . but it was an idea ahead of its time," he said.

Indeed, private fundraising isn't always the answer.

As Los Angeles County has searched for private, nonprofit agencies to take over its health care centers, Mary L. Rainwater, executive director of the Los Angeles Free Clinic, said it is "folly to suggest that private nonprofits alone can do what our massive government bureaucracy was created to do."

"We can help, and we can provide the models for new alternatives," she said. "But there aren't enough bake sales and Monte Carlo nights in the world to allow us to do what Los Angeles County used to do."