

When Philanthropy Funds Government: An Exploration of Democratic Public Values¹

Vanessa M. Fenley (University of Nevada, Las Vegas)

UNLV

Nina Bodenhamer (City of Fort Collins)



Using philanthropy to fund public services can provide capacity for government, but it also raises questions regarding the impact to democratic public values. For some, philanthropy fills a democratic function by spreading decision-making authority regarding how to provide critical community services across many entities (LeRoux & Feeney, 2015). For others, philanthropy is inherently undemocratic given those with the greatest financial resources will have the ability to shape the landscape of service provision in a community. Funding decisions can be made without input from the broader community and with little consideration of whether these funding decisions are equitable (Lemos & Charles, 2018; Thomson, 2019; Nisbet & Schaller, 2019). Given this lack of consensus in the field, we explore how democratic public values are expressed in public philanthropy. We define democratic public values as those values related to equitable participation and representation in governance processes and outcomes (Bonina & Cordella, 2009; Romanelli, 2017). This context of donating to government is relevant given government's call to equitably represent and serve the whole of the community.

¹ This article is currently under review for publication. If you would like a full draft of the paper, please email Vanessa Fenley at vanessa.fenley@unlv.edu

Case Background

We utilize a case study methodology, focusing on the *City Give* program in Fort Collins, Colorado. While there are other examples of municipalities establishing municipal philanthropy programs, *City Give* is unique in that all aspects of the philanthropic process are managed by the City. Data sources include interviews with the *City Give* Director and documents related to the program development, such as memos to City leaders or minutes from City Council meetings.

City Give's development was grounded by two primary goals: 1) to centralize and formalize an infrastructure to support philanthropic efforts, and 2) to quickly move dollars from private donors into public projects and services. Prior to the development of *City Give*, the City of Fort Collins' approach to engaging donors was sporadic and uncoordinated. Key donors also stated that giving to the City was unpredictable and complicated. The first goal aims to correct these issues. The second goal reflects City leaders' desire to create an avenue to quickly and flexibly fund projects that are in-progress or shovel-ready. To do this, *City Give* must have a well-defined portfolio of potential projects, aligned with the City's strategic objectives. There must be flexibility within this portfolio, however, to allow for effective donor engagement.

Overview of Findings

Promoting equitable participation in *City Give* takes the form of increasing transparency and increasing opportunities for a broader range of the public to participate. Greater transparency is seen as an inherent component of creating a streamlined, predictable giving process. Part of this process involves establishing procedures to consistently check for conflicts of interest, requiring City staff to know the identities of donors. *City Give* staff aim to protect the privacy of donors, but make a point not to guarantee anonymity for donors as this information becomes public record when giving directly to the City. This transparency benefits community members seeking information

regarding how public services and goods are funded; however, these changes that create greater transparency are communicated as largely a benefit to those donating.

City Give staff have also expanded participation in *City Give* beyond traditional donors. This includes reconsidering the role of the community in projects. For example, *City Give* staff worked with a local congregation who wanted to fundraise for a major project in honor of their sesquicentennial anniversary. *City Give* staff were able to co-create, alongside congregation leaders, a project for which the congregation would serve as stewards of the project. In this role, they would not only fundraise but would be responsible for actively facilitating and participating in the planning and implementation of the project. Expanding the roles available to community members, the line between benefactor and beneficiary blurs and more individuals are able to engage in the process. These outcomes are in pursuit of a more participative giving process.

Promoting equitable representation considers who benefits from funded projects. One learning stemming from efforts to create an equitable funding process relates to the need to engage with donors differently. Being clear about how funds will be spent, in line with the City's strategic objectives, is necessary. This may involve redirecting donors' expectations to ensure funds are equitably used rather than funding only what the donor specifically desires.

Conclusion

Findings point to several interrelated takeaways regarding upholding democratic public values in public philanthropy. First, public philanthropy is better positioned to express public values when there is a complementary function to its primary purpose of receiving and utilizing donations. Second, differences in program models can only take public value expressions so far. The broader organization must also be attuned to those democratic public values and incorporate them into other plans informing the philanthropic program. Finally, public value expressions are best

understood when considering the multiple public values at play rather than examining each public value in isolation. For instance, transparency is considered a democratic public value. This particular case, however, invites questions regarding whether the pursuit of transparency was very democratic given it is communicated as benefiting relatively few community members. Ultimately, findings reinforce that promoting democratic public values should be an ongoing process, responding to changing circumstances and needs in the community.

Bonina, C. & Cordella, A. (2009). Public sector reforms and the notion of 'public value': Implications for e-government deployment. *Proceedings of the Fifteenth Americas Conference on Information Systems*.

Lemos, M. H. & Charle, G. (2018). Patriotic philanthropy? Financing the state with gifts to government. *California Law Review*, 106(4), 1129-1194.

LeRoux, K. & Feeney, M. K. (2015). *Nonprofit organizations and civil society in the United States*. Routledge.

Nisbet, E. & Schaller, S. (2019). Philanthropic partnerships in the just city: Parks and schools. *Urban Affairs Review*, DOI: 107808741984318.

Romanelli, M. (2017). Rethinking public organizations as knowledge-oriented and technology-driven organizations. *Management Dynamics in the Knowledge Economy*, 5(4), 559-576. <https://doi.org/10.25019/MDKE/5.4.06>

Thomson, D. E. (2019). Donor-driven democracy? Governance implications of foundation-dependent revitalization. *Journal of Urban Affairs*, 41(4), 551-569.