**Ethics Matter!**

**Challenges in the New Era**

*Do we need new values too?*

Organizations around the world, including local governments, are challenged in the new era to meet their constituents’ demands with far fewer resources. With limited opportunities to create new revenues, local governments must reorganize and innovate to succeed.

Now, several years into this new normal, some local governments have moved far beyond the generic solutions for fixing problems. All ideas are getting vetted. New ways create new ethical challenges.

**CASE STUDY: NEW BENEFactors**

After several restructuring efforts, a city still faces severe cuts in service. All options for restoring services are on the table. One idea floated by the city council is to seek donations from the public in order to bring the services back.

Why not tap local corporations, prominent residents, and even vendors who do business with the city? The city attorney opines that public agencies can accept private donations for general operations. After all, the city’s performing arts center was built with private donations.

Ethical warning signs are flashing for the city manager. It’s one thing to approach a few big donors for a large project. The potential for ethical missteps is limited. You’ve got a small pool of donors, publicity, and an extremely tangible result.

But an ongoing, broad-based fund-raising campaign with many donors? Seems like a field day for the media. The challenge for the manager is to create the structure that avoids even the appearance of a pay-to-play scheme. Built on a foundation of the right principles, it might be doable.

**SOUND PUBLIC POLICY**

A well-considered and carefully crafted public policy is the first step toward avoiding an ethical misstep here. The policy must have at the foundation a commitment to transparency, communication, and accountability. The governing body needs to vet and approve not only the concept but also the detailed strategy.

Who is the target audience? Who will do the “ask”? How will donations be recorded and publicized? Would a donation ever be declined and, if so, under what circumstances?
How will the funds be used? And, at the end of the day, how will the public know whether the campaign met the financial and ethical metrics of success?

**EXECUTION AND ACCOUNTABILITY**

Good policy in hand, the manager needs to ensure good execution. Centralizing this effort will help with the execution and accountability. The more staff involved, the more likely that someone will do something inappropriate, whether intentional or not.

Selecting a third party is one option for erecting a firewall between staff and the donors. This approach comes with its own limitation, as it cuts into the financial benefit and creates its own accountability headache if the contactor doesn’t follow directions.

What constitutes an acceptable donation is a pretty significant issue to resolve.

One option is to take any amount from any donor and rely on public disclosure to address any potential ethical concerns, thus relying on the theory that sunshine is the best disinfectant. The other approach is to try to identify either individuals or situations where accepting the donation would potentially harm the integrity of the organization’s processes or decisions.

If the manager or staff members, for example, have had informal conversations about a development plan, a business expansion, a request for rezoning, or something similar, the city should be prepared not to solicit from those entities and return any donation they might voluntarily make.

Not to do so creates the opportunity for someone to argue later that there was a quid pro quo. Be up front and clear about this when the campaign begins.

**TRANSPARENCY**

The public expects current and easily accessible data. And when the data involves money, expectations rise. The good news is that electronic communication makes this expectation relatively easy to satisfy.

Use social media tools as well as the local government website to both promote the campaign and report current data on contributions. Also be clear in reports about how the funds were used. The more transparent the effort, the greater the likelihood that everyone’s integrity will be intact in the end.

Here is a true story on what not to do. A former resident, recognizing the dire straits facing his hometown, approached the mayor with an offer to donate $1 million toward the purchase of new fire trucks. The mayor accepted the donation and kept it a secret.

City council, residents, and firefighters were never informed. When the new trucks went into service, the mayor credited his administration’s sound financial planning. Six years later, the donation was uncovered by a sleuthing resident.
The mayor argued that he was right to conceal the donation to honor the donor’s request. After all, there is nothing wrong with a public agency accepting a private donation, is there? In response to the controversy, the benefactor noted that he was not expecting anonymity or seeking publicity. He was just trying to do good! Now his good deed has been unnecessarily tarnished.

Successfully meeting the new challenges doesn’t require new values. It requires leaders who keep true to the core values of public service.

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