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Journal of
**Community
Action**

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Vol. 1, No. 4, 1982

COMMUNITY PARTNERSHIPS

Perspectives on Partnerships

*C. William Verity, Jr. • William Aramony • Hon. Pierre DuPont IV
William White • E. Morgan Williams*

Partnerships in Action

HOUSING

Des Moines
New York

**NEIGHBORHOOD
REVITALIZATION**

Kansas City
Roanoke

YOUTH EMPLOYMENT

Phoenix
New York
Pittsburgh

Literature Reviews

*Public-Private Partnership
in American Cities*

Partners

Meeting Human Needs

Corporate Philanthropy

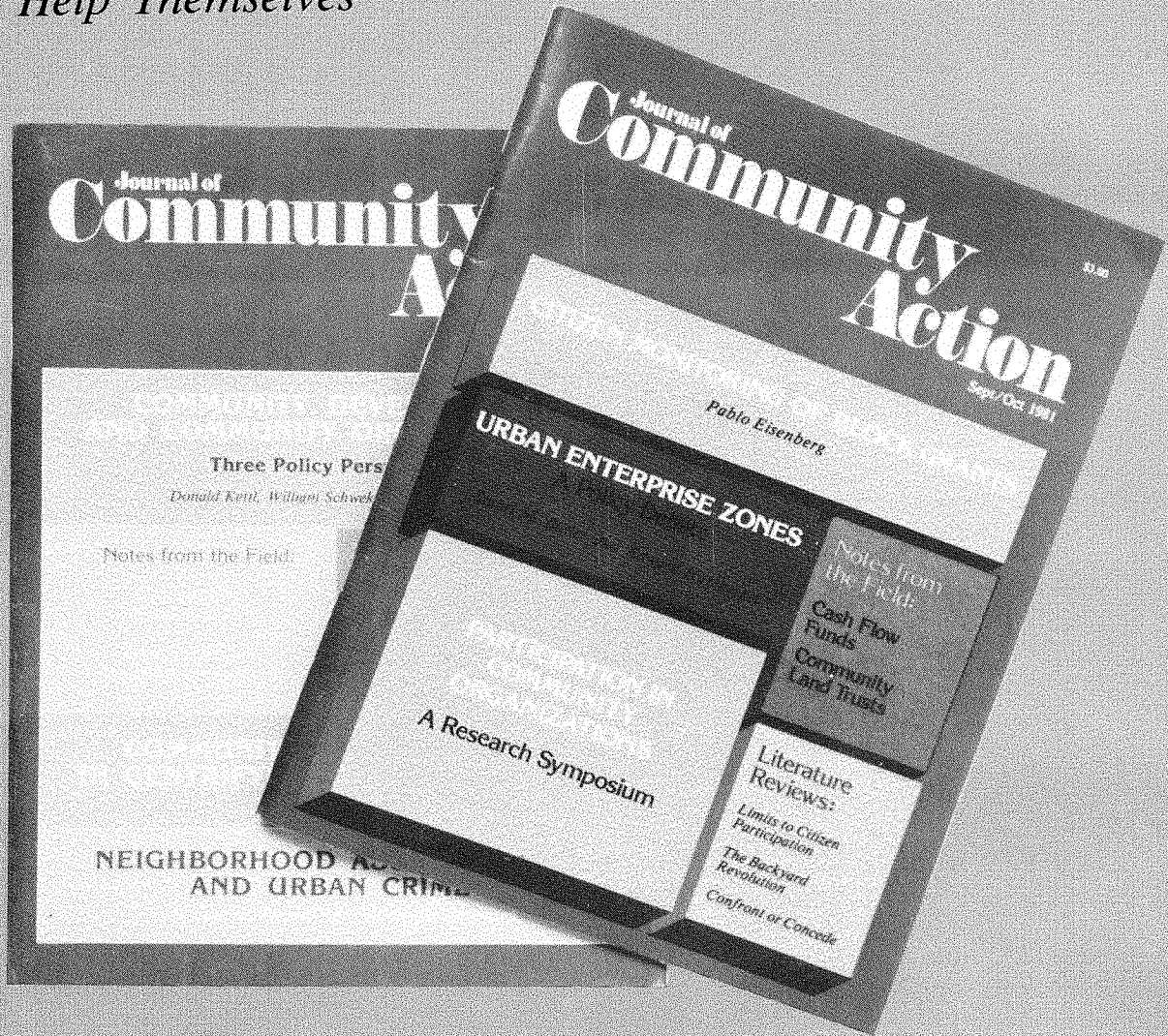
Research Reports

Community Service Partnerships • Milton Kotler
Community Development Partnerships • Susan Clarke & Michael Rich
Building Community Partnerships • Thomas Chmura

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From the Editors

This issue of the *Journal* concentrates upon a single theme: the role of community partnerships in meeting the collective needs of American society. We believe that the partnership concept, carefully conceived and delineated, makes an important contribution to public debate and charts a useful direction for the evolution of social policy. However, the goal of this issue is not to sell the concept, but rather to inform our readers about the partnership approach so that they may evaluate it for themselves.

The President's Task Force on Private Sector Initiatives has been the leading proponent of the partnership approach over the last nine months. In the Policy Perspectives section, we asked a number of Task Force members to elaborate their conception of community partnership from the perspective of their institutional affiliations. Bill Verity, Chairman of the Task Force, and retired Chief Executive Officer of ARMCO Steel, writes from the vantage point of corporate social responsibility. He maintains that joining in partnership with government and voluntary organizations represents the best way for business to express its commitment to community betterment. Bill Aramony, President of United Way of America, details a number of partnership efforts already underway which have been initiated by the voluntary sector. He focuses particularly on partnerships in the area of human services. Bill White, President of the Mott Foundation, writes of the catalytic role which foundations can play in the formation of community partnerships. His article identifies two prime areas of partnership building: neighborhood development and community services. Governor Pierre Du Pont of Delaware examines the role of state government in forging partnerships. He describes a creative partnership in his own state—Jobs for Delaware Graduates—and identifies the mechanisms which state governments have established to encourage partnership formation. Finally, Morgan Williams, President of the Cooperative League of the U.S.A., relates the experience of private voluntary organizations working in the field of international development assistance. These agencies have long worked in col-

laboration with business and government to deliver services abroad and their example has much to teach domestic organizations interested in developing partnerships.

In the Notes from the Field section, a number of innovative partnerships are analyzed in detail. Cooperative efforts in Phoenix, Pittsburgh, and New York are discussed in the Note on Partnerships for Youth. The focus of these efforts is generating increased opportunities for youth employment. The Note on Housing Partnerships examines the operation of the New York Neighborhood Housing Services and the Des Moines Housing Council, two partnerships that are emerging as major factors in housing construction and rehabilitation in their respective cities. Neighborhood revitalization is the subject of the third Note from the Field. Partnerships in Roanoke, VA and Kansas City, MO demonstrate how business, government, and the voluntary sector have joined together to attack neighborhood decay.

In the research department of this issue, we present a set of important articles on experiences with community partnerships. An article by Tom Chmura presents research findings on the role of local government in community partnerships. Milton Kotler's piece analyzes the emergence of partnerships in community service. Susan Clarke and Michael Rich provide findings on types of partnerships operating in the urban development field.

In sum, we think this issue will help our readers to understand an important emerging trend in community action—a trend which builds upon historic traditions of voluntarism and cooperation, but which also charts new directions for the evolution of social policy in the coming decades.

In the spirit of partnership, this issue was planned in cooperation with the President's Task Force on Private Sector Initiatives. We would like to thank the members and the staff of the Task Force for their assistance. We also deeply appreciate the funds and in-kind assistance provided by the United Way of America, Gannett Foundation, Equitable Life Assurance Society, and The Aetna Life and Casualty Foundation, which enabled us to devote extra editorial effort to this issue and to distribute it to a wider audience.

Community Partnerships

Political fads wax and wane with benumbing regularity in American life. After a brief swirl in the news media and a series of foundation-funded studies, most disappear without a trace. There is thus a distinct possibility that the current concept of "community partnerships" may go the way of other political fashions that have long since departed. This would be a great loss. In contrast to other contemporary nostrums that will deservedly vanish without a backward glance, the idea of forming partnerships between government, business, voluntary organizations, and other private entities to fulfill social needs deserves a prominent role in the grammar of American politics. This is because the idea is based upon a powerful historical premise: American government cannot fulfill the collective needs for which it has assumed responsibility solely through its own bureaucratic instrumentalities and taxing powers. This premise is rejected by many who call for the continued growth and bureaucratization of the state. It is also rejected by those who indulge in a romantic rejection of government responsibilities.

As with most other political ideas that have any lasting value, one need not look very far to find precedents and precursors. Political platforms of both parties have made reference to the desirability of partnership efforts in various policy spheres over the last two decades. Much of the growth in domestic social programs that occurred in the 1960s and 1970s was carried out through more-or-less structured partnerships between government and private, voluntary, non-profit organizations that already provided a variety of social services to society. Beginning in the late 1960s, successive Administrations promoted partnerships in foreign aid between the U.S. government and American private organizations operating abroad. During the Carter Administration of the late 1970s, a central theme of urban policy was the need for public/private partnerships between business and local government in the economic development of central cities.

What is important about the current political climate is that the idea of partnerships has finally achieved explicit recognition by a national administration as a central policy theme. Yet, as explicated by the President's Task Force on Private Sector Initiatives, the theme is still vague and inchoate. Opportunistic advocates of particular policies are rushing to bring their proposals under the friendly umbrella of the community partnership concept without so much as a basic understanding of the idea. If the concept is not to be discarded after the termination of the Task Force in December, it is essential that the meaning of partnership be clearly delineated and that certain realities of organizing and operating partnerships derived from previous experience be acknowledged.

A community partnership, simply defined, is a sustained collaborative effort of two or more institutions in which each of the partners shares in the planning of projects and programs designed to meet a collective need and contributes a portion of the resources needed to implement those projects and programs. This definition focuses attention on the key aspects of a partnership endeavor—collaborative planning and investment of independent resources—and excludes efforts which are primarily based on discrete business relationships. For example, the "privatization" of city services to private corporations is often included in discussions of community partnerships. Yet, if the privatization agreement merely entails the award of a performance contract to a vendor for a service designed and paid for by the city, such a simple business relationship should not be confused with a community partnership. Only in cases where the city and the private corporation jointly plan an activity and in which both the city and the corporation independently invest resources in implementing the activity, do privatization agreements fall within the partnership framework.

Similarly, the cooperation of business and government in promoting downtown economic development is often discussed within the partnership framework without careful examination of the crucial differences in the nature of the public/private relationship from city to city. In some cities, economic development projects involve meaningful collaborative planning between government and business and a sharing of investment, risk, and benefit. These are true community partnerships. In many other cases, however, so-called partnerships involve little more than passive city acceptance of privately planned and privately financed proposals, with minor public interest planning adjustments. It does not contribute to the impact of the community partnership concept in public policy debate to indulge in such conceptual confusion.

Perhaps the central issue in policy debate about community partnerships is the relative role which government, business, and voluntary organizations should play in initiating and sustaining partnership endeavors. Some pronouncements from the Reagan Administration emphasizing private initiatives and volunteerism leave relatively little role for government in community partnerships, apparently envisioning collaborative efforts of business and voluntary institutions as substitutes for government efforts to meet social needs. Other pronouncements place more emphasis upon the role of state and local government. A healthy dose of realism is needed to ground this debate on a more productive level.

American society is distinguished by its prominent tradition of voluntary service to society by non-profit

organizations and by the contemporary emergence of corporate social responsibility. These attributes must be appreciated, encouraged, and engaged in our collective efforts to meet social needs. However, when the magnitude of the collective needs facing American society is realistically acknowledged, there is little question that government usually must play the prime role in organizing modes of action at the appropriate scale. As indicated by the Notes from the Field and other examples of community partnerships discussed in this issue, government is almost always centrally involved in partnership endeavors, assuming the role not only because of its ability to contribute more resources than other sectors, but also because of its fundamental responsibility for collective needs. Neither business nor the voluntary sector can arrogate to itself the legitimacy of government's mandate to act in the interests of society as a whole. Nor can government, unlike business, expediently absolve itself of responsibility for social needs when profits fall.

This is not to disparage the importance of independent initiatives by business and voluntary organizations. As the Note from the Field on the Kansas City Neighborhood Alliance shows, corporations and neighborhood associations can collaborate in a partnership framework to accomplish useful collective ends on a small scale without the formal participation of government. Yet even in this situation, the partners operate in a context established by the public sector. Private funds are used primarily to supplement public sector funds and resources. Indeed, it is clear from many of the examples in this issue that business and voluntary institutions feel most comfortable in partnership arrangements when government sets the agenda and establishes the framework of cooperation.

Business can move authoritatively on its own to meet the needs of its employees through better fringe benefits and employee assistance programs. These in-

ternal efforts may also contribute to the commonwealth by reducing the collective demands made on government. But business cannot and should not be expected to strike off on its own with major initiatives to fill social needs outside some publicly-established framework. The voluntary non-profit sector, while it may have the desire and vision to fill a large portion of collective needs, simply does not possess the resources which would enable it to operate on its own. It can serve as a source of ideas for programs and projects and as an agent of service delivery, but it must operate within the agenda of government and/or business in order to proceed effectively.

There appears to be little recognition in the current policy climate that a great deal of government programming and corporate social responsibility spending already operates through partnership arrangements in which non-profit voluntary organizations serve as service delivery agents. The resources which business invests in partnerships most frequently are dispensed as philanthropic gifts to voluntary non-profit organizations. Government resources to meet domestic and international needs also flow heavily through contracts and grants to private non-profit organizations. It would be a cruel irony of the current policy debate over community partnerships if, in the haste to reduce government involvement and reject the heritage of the past, a valuable and productive network of existing partnerships is lost.

In sum, the debate over the role and structure of community partnerships in meeting collective needs has only begun. There is no more important task facing the President's Commission on Private Sector Initiatives over the remaining months of its existence than to guide the debate in constructive directions that will preserve and advance community partnerships in American life. This issue of the *Journal of Community Action* is offered in pursuit of that objective.

The Role of Business in Community Service

by

C. William Verity, Jr.

In 1919, the American Rolling Mill Company—a steel manufacturer in Middletown, Ohio—adopted the first known “corporate responsibility” policy in America:

“Industry should not only keep its own house in order, but should support every sound constructive agency established in the community in an effort to make civic conditions respond to the highest needs of its citizens.”

More than six decades later, and in a rich variety of adaptations, this basic policy of corporate involvement in community service has blossomed into a multi-billion dollar annual commitment by American business to improve the quality of community life in the United States.

Almost \$3 billion was contributed by American companies and company foundations to community service projects in 1980. Company employees donated another \$3 billion worth of time and talent to community assistance programs.

Together with the nearly \$70 billion in funds and services contributed in 1980 by the rest of “private America”—religious and civic groups, labor unions, philanthropies, educational institutions, professional and trade associations, neighborhood organizations, and others—this corporate commitment helps forge an important private alliance for progress in our country.

The President's Task Force

Remarkable work is being done through private initiative to feed the hungry, heal the sick, shelter the homeless, employ the “unemployable,” restore decaying neighborhoods, enhance public safety, improve education, support the arts, and perform a multitude of other services at the community level.

The President's Task Force on Private Sector Initiatives seeks to celebrate these contributions which private America is making to improve the quality of our national life. It also seeks to encourage a still greater

individual and collective effort by private America toward solving the problems that beset American communities.

To accomplish the first mission, the Task Force has established a computerized Project Bank to catalog hundreds of innovative private initiatives and public-private partnerships at work in community service throughout America. It is our hope that this Project Bank may become a clearinghouse through which local and state governments and private groups can learn from the successful—and even the not so successful—experiences of others. We also hope that the American news media will tell the story of private initiative to the public at large, promoting both the recognition these efforts deserve and the replication they might inspire.

For example, KAKE-TV in Wichita, Kansas, recently broadcast a ten-part series on what the private sector is doing—and what more it might do—in service to Wichita.

Among these services:

- The Wichita Bar Association, following the example of the New Hampshire Bar Association, has established a high-quality, low-cost legal aid program (many services are free) for those who need help but can't afford a lawyer.
- Wichita grocery stores, like those in Phoenix, Kansas City, and other cities, are regularly supplying surplus food to the community food bank run by a local church group, and a local manufacturing company has donated 10,000 square feet of warehouse space to store the supplies.
- Wichita business concerns, adapting programs underway in Indianapolis, Dallas, Oakland, and Corning, N.Y., are forming partnerships with local schools to ensure that the education process prepares students for success in the working world. Practical training in homebuilding, accounting and other workfields gives students the kind of experience local employers are looking for.

Thousands of these success stories throughout the nation testify that private initiative can be an important supplement—even an alternative, in some cases—to government action in community enterprise.

C. William Verity, Jr. is Chairman of the President's Task Force on Private Sector Initiatives and former CEO of Armco Steel.

The Corporate Role

Many, though far from all, of these success stories trace their origins to the executive offices and the factory floors of American industry. The inspiration for these initiatives is as varied as the people and companies involved. Some act out of "enlightened self-interest," for the benefits to be gained directly or indirectly by the company and its employees. Other businesses want to project a certain "image" or corporate "personality" with their community involvement. Still others respond to peer pressure from rival companies. Some commit their resources automatically to community causes which grew up with the company. Others may simply be looking for a tax write-off.

Whatever the reason, the role of business in community service is substantial and growing. A recent study by the Council on Foundations showed that of 219 companies surveyed, 94 percent made cash contributions to community causes in 1981. Yet the average yearly contribution by business in general has remained at little more than one percent of pre-tax profit—despite the fact that federal tax law has for years encouraged a 5 percent contribution and, with the 1981 tax bill, raised the ante to 10 percent.

Clearly the opportunity exists for business to do more. Clearly the need exists, as well. And the same Council on Foundations study indicates that the future may well see this opportunity grasped—and community needs met—more fully by the business world.

Council president James A. Joseph states that "about six in ten of the companies surveyed plan significant increases in their philanthropic contributions over the next few years, provided of course that they do not confront any significant decline in profit beyond those of the current recession."

The President's Task Force on Private Sector Initiatives has recommended that corporations try to double their charitable contributions over the next four years—to about \$6 billion—raising the average level of such contributions to at least two percent of pre-tax profit.

Nearly a dozen cities across the country already boast "two percent clubs" or "five percent clubs," averaging fifty business members each, which contribute far more than the national norm. The Task Force believes the two-percent contribution goal is reasonable, practical and achievable.

Recognizing that corporations can do more for a community than just writing checks, the Task Force has also recommended that businesses double their voluntary and "in-kind" service contributions to community action over the next four years. This would raise the level of these in-kind contributions to a \$6 billion annual level, providing manpower training, donations of land for community gardens and parks, space for day-care centers, computer equipment for non-

profit agencies, management and financial planning techniques for neighborhood service organizations, and many other services.

The Task Force is further requesting that businesses reassess the pattern and direction of past contributions and other public service involvement, to insure that their community's most urgent social and economic needs—not merely its most honored traditions—are being properly served.

And finally, the Task Force is urging businesses to commit themselves actively to the creation of community partnerships which will bring both public and private resources to bear on the challenges of modern America.

Business and Community Partnerships

Local chapters of the U.S. Chamber of Commerce, the National Alliance of Business, the National Association of Manufacturers, and other organizations are already working to establish such partnerships throughout the nation.

This forging of partnerships—among leaders of major private sector constituencies and leaders of government—lies at the heart of the Task Force's work.

The partnership concept offers American business a promising new approach to productive involvement in

*Corporations can do more for a
community than just writing checks.*

community service. In New York City, a consortium of businesses, non-profit groups and neighborhood organizations created 10,000 summer youth jobs last year and aims for 15,000 this year. The New York City Partnership has also provided the city government with loaned executives to improve subway transportation operations and crime control. A 30,000-unit housing project is also being financed by the Partnership.

In Baltimore, the Greater Baltimore Committee—another private-public partnership—was the force behind Harborplace, a spectacular development of shops and scenery that has made a fine old seaport city a major new tourist attraction as well. The Baltimore partnership is now working on an ambitious neighborhood revitalization and housing construction program.

This partnership concept is being advanced nationally just as more and more executives are seeking to insure, in the Business Roundtable's words, that a company's "business activities make social sense just as its social activities make business sense."

A recent U.S. Chamber of Commerce resolution put it this way: "As the United States enters a new era of turning us to greater self-reliance and less dependence on government, American business has a great opportunity—and challenge—to build upon that tradition and to contribute its expertise and other resources to help the truly needy in our society, as well as to further the arts and humanities."

The Business Roundtable's Policy Committee recently called upon the 200 chief executive officers of its member companies (some of the largest in the nation) to expand personal and company efforts in community service, including the encouragement of more voluntarism by employees and the strengthening of community relations budgets.

"The spotlight has been turned on business with a new intensity," according to Andrew Sigler, chairman of the Roundtable's corporate responsibility task force and chairman of Champion International (and a member of the President's Task Force on Private Sector Initiatives). "Activities of member companies vary greatly, and many more are already involved in a wide array of public service activities," Mr. Sigler said. "Most of us will agree, however, that a vigorous new effort is required at the community level."

This vigorous new effort is already taking root. Many companies are beginning to take an active interest in understanding and establishing real community partnerships rather than simply writing an annual check to a favorite cause. Others have decided it is time to take some of the same risks in community service activities that are routinely taken in business activities, reaching out to elements of the community from which the company may be most distant. For example, a recent study commissioned by Michigan Bell Telephone to determine Detroit's most critical needs led Michigan Bell to commit \$100,000 to a food distribution program for the city's hungry. In another instance, responding to a growing financial problem facing Chicago's non-profit service community, the Amoco Foundation has sponsored a \$4.7 million program to help reduce non-profit organizations' energy expenses by "retrofitting" their office buildings to make them more energy-efficient. The savings over ten years is estimated at \$12 million, which can now go directly to service delivery.

And while humanitarian motives serve as powerful inspiration for companies in community service, the profit motive has a role to play, too.

In Minneapolis, for example, Control Data Corporation opened a plant in an abandoned, inner-city bowling alley. The plant provides binding and collating services for the company. The workers are primarily disabled persons and mothers of young children. The hours at the plant are flexible, the work is valuable, and the profits are considerable.

Amway Corporation has underwritten an European tour by the National Symphony Orchestra, as part of Amway's strategy for penetrating the European market.

And dollars from the American Express Company marketing budget are being earmarked—a dollar at a time—to specific local charities each time the American Express Card is used in certain metropolitan areas. A five-city test was so successful that the program is being expanded to include cities throughout the country.

The Kansas Gas and Electric Company, working with the Red Cross, has established a program allowing customers to add a dollar to their monthly bills to help defray energy costs for the elderly and to make emergency energy improvements and repairs.

Conclusion

The programs discussed above, and many others like them, demonstrate that business involvement in community service has far more than sentimental value. It reflects good business judgment, directly and indirectly, by improving the climate of enterprise in the American city.

The community is a company's most important supplier.

In a way, the community is a company's most important supplier, providing the people, the land and the basic services a business needs to operate. In return, the business offers jobs, goods, services and tax revenues to the community.

This symbiotic relationship has become more and more apparent in recent years, and the community partnership movement is a product of that growing recognition.

It is a way for business to court a major supplier effectively, and it is the means by which the community at large can better understand the serious challenges facing American business today.

Businesses can't survive for long without profits, but neither can they survive for long if all around them is crumbling at their feet. Ignoring the wider world in which we do business not only brings us profit without honor, but will in the fullness of time bring us no profit at all.

American business understands that better every year. Investing its resources in community partnerships can help translate that understanding into effective, positive action for many years to come.

Voluntary Agencies and Community Partnerships

by
William Aramony

This summer, more than 700 Kansas City teens didn't have to spend their days on the streets. Instead, they worked in hospitals, day care centers, and offices, and they will be ready to go job-hunting in the fall. All this happened thanks to a special fund created by local businesses, foundations and voluntary agencies.

Elderly and handicapped people in Seattle, Washington were about to lose hot meals and home care to budget cuts. But "Project Transition" stepped in with a special fund of \$1.5 million to help carry on crucial services while state and county governments reorganize the distribution of federal block grants. "Project Transition" was developed by a coalition of neighborhood groups, voluntary agencies, foundations, and businesses.

In Boston last summer, 37,000 youngsters enjoyed pools and basketball games through the auspices of a group of voluntary agencies, foundations, and city parents. The Boston coalition formed to find financial and volunteer support for the summer recreation program that the city of Boston had to drop from its budget.

The above are only a few of the examples of how people are helping each other through community partnerships. In response to the country's economic and political realities, voluntary organizations have increased their activities as catalysts for new cooperative partnership arrangements. Indeed, the essential characteristics of voluntary organizations—people of diverse backgrounds organizing to solve common problems, improve their communities, or just help each other—exemplify the spirit of community partnership.

This spirit of cooperation—people caring for each other in an organized fashion—lives today in communities all over the country. In 2,100 of these communities, United Way organizations work side by side with their partners in voluntarism to serve local needs and strengthen community ties. United Ways have been actively building community partnerships between business, labor, government, neighborhood organiza-

tions, and other voluntary agencies to help serve people with voluntary dollars and volunteer time.

The focus on the "New Federalism" is shifting decisions about services and programs from Washington, D.C., to state legislatures and city halls around the country. At the same time, federal support of many social service programs has been drastically reduced.

As responsibility and decision-making shift to the local level, United Ways are increasingly called upon to unify local efforts. United Ways have nearly 100 years' experience in community planning, partnership-building, and fund raising. Interdependence and cooperation form the core of United Way's system. Volunteers from every segment of a community gather to determine local needs, set local priorities, and distribute voluntary dollars to help meet those needs. United Way volunteers have faced those tough decisions every year, even when federal budget cuts did not loom on the horizon.

Partnerships In Action

It would be impossible to describe all of the many partnerships that United Ways across the country have helped form. The following are descriptions of just a few innovative efforts.

Allocating Human Services

One group of partnerships is working on better allocation of available human service resources. Early in 1981, for example, United Way of Southeastern Pennsylvania committed itself to a "vigorous community leadership role in promoting a careful reassessment of our local human service system." At United Way's urging, a group of key representatives of city and state government, religious organizations, foundations, and labor groups, met and formed the Consortium for Human Services. The Consortium's goals were: to be a forum for the exchange of information and observations on problems confronting the human service system; to identify needs and priorities created by reductions in tax-dollar support for that system; to clarify

William Aramony is President of the United Way of America.

the respective roles of the public and private sectors; to help define and realign resources available for human services; and to implement mutually acceptable courses of action on a cooperative basis.

The Consortium is now working with Philadelphia's Community Services Planning Council to analyze federal health and human services funding to the city, and to study the effects of federal budgetary reductions. As it completes its work, the Consortium will also develop model systems for more effective operation of Pennsylvania's Social Services Block Grant Program.

A similar coalition is at work in Louisiana. United Way of the Greater New Orleans Area has helped bring together several organizations to determine local service priorities in light of the federal cuts. At the state level, United Way of Louisiana has joined an alliance to provide the state with information about human service needs. The state can then be expected to implement its Block Grant program more effectively.

Supplementing Human Services

A different example of a creative joint approach is found in Kansas City. Heart of America United Way has joined a coalition with the city government, local businesses, and foundations to lessen the effects of federal budget reductions. When it became a coalition member last winter, United Way promptly contributed \$700,000 from its emergency assistance fund; local businesses and foundations pledged a matching amount, as did the city government.

Voluntary organizations have increased their activities as catalysts for new cooperative partnership arrangements.

The coalition has agreed to divide the \$2.1 million fund between unemployment assistance and emergency services, currently the community's most critical needs. United Way, through a special allocations committee, is distributing \$1,050,000 for emergency services in day care, programs for the elderly, needs of smaller agencies and other areas.

The city is administering the other half of the fund under the supervision of the Board of City Trusts. That portion of the fund is providing summer employment and training for more than 700 city youths, as well as some longer-term employment for adults. Besides receiving welcome paychecks, youths and adults are gaining on-the-job training that will help them in future job-hunting. Many of the youths are working as day care attendants, hospital aides, and maintenance and clerical workers.

Coordinating Human Services

In San Diego County, California, United Way is working with the city and the California Congressional delegation to develop a strong public-private partnership. San Diego United Way has helped pioneer a computerized data base on human services. The data base is patterned after the United Way of America Services Identification System (UWASIS). UWASIS was developed in 1972 as a service classification system aimed at simplifying accounting methods for agencies. Today, many communities use the system to define the functions of service agencies and clarify community needs. The information in the San Diego computer classifies state, city, and federal programs, as well as private and nonprofit services. The California group intends to encourage coordination among agencies offering identical services.

In Newark, New Jersey, the Essex Partnership is seeking to reorganize the area's human service system, coordinate services among agencies, and promote efficient agency management.

Members of the New Jersey group include United Way of Essex and West Hudson, the Greater Essex Community Foundation, the Essex County Department of Citizen Services, the New Jersey Department of Human Services, the Association for the Children of New Jersey, the Community Affairs Group of the Greater Newark Chamber of Commerce, and the Newark Coalition for Neighborhoods. This group illustrates the variety among private and voluntary organizations that are banding together to shape community decisions.

The Essex Partnership plans to develop a single, inclusive information system on local social and health services to replace three different classification systems now in use. The Partnership's computer has already compiled information on more than 600 agencies.

The Partnership will also help coordinate planning among its members. It hopes to accomplish this task by surveying local residents regarding the services *they* need and want. This is real community planning—going to the people, not theorizing and trying to impose something that won't work.

Resources for Partnership

New partnerships need more volunteers. Americans are responding with the traditional enthusiasm and energy that have made voluntarism such a great force in this country. The results of a Gallup poll commissioned last October by Independent Sector bear testimony to this fact. The poll shows that in 1981, close to 84 million Americans volunteered an estimated 8.4 billion hours. Their time was worth about \$64.5 billion

dollars. By joining and encouraging these new partnerships, United Ways continue striving toward their mission: to increase the organized capacity of people to care for each other.

Economics also demand better management of existing resources. That demand is as applicable to the voluntary nonprofit sector as it is to the profit-making businesses. United Way of America is attempting to meet the need for better management through its Volunteer Development Program. Begun in 1978 with the help of the W. K. Kellogg Foundation, the program trains the volunteer leaders of United Ways and agencies. Instruction focuses on fiscal and personnel management, long-range planning, and fund raising. By the end of this year, United Way of America will have 15 regional training centers, and 20 by 1983.

An important new component of the Volunteer Development program is the Hispanic Volunteer Development Program. It consists of workshops offered in

The voluntary sector alone can never supplant the services that have lost federal support.

areas with large Hispanic populations such as Chicago, Miami, Los Angeles, Dallas/Fort Worth, and San Francisco/Santa Clara. This program will help Hispanic agencies develop private, nongovernmental sources of funding. This skill is especially important now, since many of those agencies still rely primarily on government support. Another program objective is to encourage more minority volunteers to join the voluntary sector's decision-makers.

United Ways are also helping their communities use limited resources effectively through "venture funding" projects. Many United Ways set aside a percentage of donations in special emergency trusts. This money can then be used to support a particularly valuable program threatened by lack of funds, or to help

new organizations get started, or offer new services. Thus, United Ways acquire the flexibility not only to meet emergency needs, but to help form new community partnerships.

In southeastern New England, a specially created emergency fund has helped day care centers in Rhode Island maintain services while the centers search for alternatives to government support.

United Way of Southeastern New England is contributing more than \$54,000 to assist the day care centers, and has pledged \$150,000 to help other agencies survive while they develop contingency funding or service plans. To this end, United Way is training agency leaders in planning and fund raising.

Conclusions

United Way and other voluntary organizations recognize the fact that certain entitlement programs must continue to be supported through tax dollars. But some important services will no longer have government funding. The voluntary sector alone can never supplant the services that have lost federal support. Nor would it want to. Not at the expense of creating closer ties between people. Not at the loss of such an excellent opportunity to solve common problems together. This renewed communication between volunteer agencies and the private sector could not have come at a better time. Organizations in the voluntary sector are each different in scope and goals, but they share in their mission: to help people make better lives for themselves and their children.

But that's the dream of every American parent, whether they are factory workers or vice presidents for production; whether they are doctors or lawyers or bricklayers. The scope of voluntary activity is only reined by our imagination. When we join together the resources of the government, commercial, and voluntary sectors, our potential for accomplishment is unlimited. Voluntary organizations like United Way are committed now more than ever to meet the uncertain future with hope, prosperity, and well-being for millions of Americans who are counting on our enduring tradition of mutual interdependence.

Building Community Partnerships: The Foundation Role

by
William S. White

It seems to me that every person always is in a kind of an informal partnership with his community. His own success is dependent on a large degree on that community, and the community, after all, is the sum total of the individuals who make it up. The institutions of a community, in turn, are the means by which those individuals express their faith, their ideals, and their concern for their fellow man.—Charles Stewart Mott

Charles Stewart Mott penned these words in 1963, a year when he was well into a philanthropic career that spanned four decades. The automobile industrialist's concept of partnership was one that guided him and the activities of his private foundation from its earliest years. Not only are partnership and community integral concepts in the work of the Mott Foundation today, but the linkage of the two is fast gaining ground generally as a new approach to our society's ills.

Our concept of "community partnership," however, is far more subtle than it was only a generation or two ago. We now realize that many of the problems confronting our communities are too complex, too difficult, to be addressed on an individual basis. Instead, citizens at the community level are doing what Americans have traditionally done when faced with problems beyond their individual capacities—they have pooled their talents and efforts. A century and a half ago Alexis de Tocqueville pointed out the tendency of Americans to form associations "to give fetes, found seminaries, build churches, distribute books, and send missionaries to the Antipodes." If he were to return today, he would undoubtedly cite the varied and imaginative ways Americans are forming new organizations, to deal with contemporary social problems.

More specifically, in many town and cities, we're seeing local voluntary organizations working hand-in-glove with government and the private sector. On the national level, moreover, President Ronald Reagan is advocating such partnerships through his Task Force on Private Sector Initiatives in an effort to weld gov-

ernment, business, private philanthropy, and voluntary organizations into an effective problem-solving organism. While public-private partnerships are not new—many communities can cite examples of collaboration dating back decades—they take on new meanings today in light of public budget cuts, and the current reassessment of the role of government. Simply put, many of the problems confronting our cities and communities cannot be resolved by a single institution or sector working in isolation.

A need now exists for a more concerted, systematic development of public-private partnerships in a variety of areas.

The Foundation Role

Foundations have a role to play in the partnership process. It is obvious that they can provide resources in the form of hard cash. But perhaps the greatest contribution foundations today can make in the partnership effort is taking on the role of an enabler. More explicitly, they can serve as a "mediating structure", linking parties in the partnerships and integrating the participants' perspectives and roles into an effective force.

Any cooperative venture has an element of risk, and the foundation can act as a dreamer, convener, mediator, and facilitator to help offset that risk. Foundations can nudge other sectors (government, private, and voluntary) to contribute in a meaningful way, fostering innovative approaches and potential solutions.

This is a particularly appropriate role in the case of community partnerships. Every private foundation has a home base, whether it is New York, Chicago, Louisville or Flint, and a community with which to get involved. There are also more than 200 community foundations with close ties to their hometowns.

It is important for foundations to realize that partnership building involves costs and that the potential for failure can be high. The process often gobbles up time and energy in huge quantities. Because of this, it may be easy for the members to become frustrated and discouraged. In its role as a mediator, a foundation

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must be ready and willing to nurture the relationship, not unlike a parent raising a child. This process not only takes patience and a high level of energy, it also requires superb communications skills and the ability to truly listen to the dialogue between members. While not every foundation has personnel with these highly developed skills, many do have the financial resources to bring professionals that do into the process.

Despite good intentions, true commitment and hard work, partnerships do, on occasion, fail. Regardless of the outcome and the associated risks, the rewards for those that do succeed are great. Strong partnerships are a true form of democracy and accomplish goals and tasks that otherwise would never be undertaken. In the case of our cities, particularly those in the northeast and midwest, it seems clear that those that stand the greatest chance for surviving the current economic maelstrom will be those with strong partnerships.

Why the Nurturing Role?

There are a number of reasons why foundations can be effective in the mediating, nurturing role.

First, their agendas are generally the least political and complicated of the parties involved. Because of this, they can provide leadership in initiating, developing and sustaining community partnerships. Since they are local, they have an element of familiarity. An outgrowth of that familiarity—trust—has been mentioned before as a key factor in the partnership building process.

Second, they can facilitate communications and information exchange between the parties involved. Community groups, particularly those in their infancies, are often quite unsophisticated in working with business or governmental entities. But, at the same time, local residents are a key link in the community partnership process. Thus, their energy, interest in, and dedication to the neighborhood and the community are major factors in any partnership venture and must be nourished and protected, but yet given the opportunity to develop strength and independence. On the other side, corporations and foundations wanting to support the work of community organizations often hesitate to contact or meet with the neighborhood group because they are unsure of how to do so.

Third, foundations have the flexibility to provide infusions of dollars into a project at crucial junctures. As a source of unrestricted capital, foundations have the ability to react to needs much faster than many other funders, and with minimal red tape. Foundations can also provide non-monetary resources, not the least of which is staff technical assistance.

Once a foundation decides to become involved in its community through the partnership process, the first question to be addressed is "how?". In any given com-

munity, there are countless opportunities and a wide range of issues and concerns on which to focus foundation resources and energies. Two broad areas of potential partnership which many experts identify as prime prospects, and in which foundations have already played significant roles, are neighborhood development and community services. Each area encompasses interlocking economic, social and political factors that are neither exclusively private nor totally public. Success in either area requires cooperation from all sides of the fence.

Two broad areas of potential partnerships in which foundations have already played significant roles are neighborhood development and community services.

Neighborhood Development

It seems that everywhere one turns these days, there is talk about the importance of America's neighborhoods. From the nation's capitol to the local city hall, the pervasive feeling is that neighborhoods are the building blocks of the city, and that vital neighborhoods are the "last, best hope" of the nation's troubled cities.

Within the last few years, however, federal agencies supporting neighborhood development and revitalization such as the Community Services Administration and the Economic Development Administration have been defunded. Therefore, private initiative and support in this area becomes increasingly important.

Foundation involvement in neighborhoods is not new. The Cleveland Foundation and the Chicago Community Trust have long worked in such neighborhood policy areas as housing; criminal justice and corrections; and municipal recreation and park facilities. The 1950's witnessed a massive entry by the Ford Foundation into the field. Ford continues to be among the most active, contributing over \$29.5 million to groups such as the Bedford-Stuyvesant Restoration Corporation and the Watts Labor Community Action Committee in 1980. Other foundations granting over \$120,000 for neighborhood development in their last annual reports include the Rockefeller Brothers Fund, the Heinz Endowment, the Joyce Foundation, the San Francisco Foundation, the Houston Endowment and the MacArthur Foundation. The Mellon, Hillman and Pittsburgh Foundations, as well as others are also heavily involved.

Today, the needs of any given neighborhood are as diverse as the communities in which they are located. A foundation must first assess the particular situation to determine the needs and what role it might take in a partnership process. It is necessary to talk with businesses, local neighborhood leaders, and civic organizations to make these determinations and to put them into the perspective of the entire community.

A number of specific issues within broad categories are likely to emerge. These will probably include:

- Preserving and enhancing the existing assets of neighborhoods.
- Promoting new housing and commercial and industrial development compatible with the existing assets and character of neighborhoods.
- Facilitating and supporting self-help efforts.

In the late 1970s, the Mott Foundation became involved in a unique partnership project which involved all of the above concepts—the construction of the Hyatt Regency Hotel and Convention Center in Flint, the profits from which support neighborhood improvement and self-help.

Mott's role in the undertaking was multi-faceted. It directly provided \$6.1 million toward the \$38 million project. It also brought together a variety of other funding sources, created a financing plan which the U.S. Department of Housing and Urban Development

*Neighborhoods are the last, best hope
of the nation's troubled cities.*

later cited as a model, and insured that Flint neighborhoods would benefit directly from the central business district revitalization.

Key to the neighborhood participation and resulting benefits was the \$6.1 million grant, which was given to the Flint Neighborhood Improvement and Preservation Project (Flint NIPP) to purchase a second mortgage on the hotel property. Income from that mortgage finances NIPP's work providing technical assistance for home repair and rehabilitation to neighborhood groups.

Other funding participation included a \$6.5 million Urban Development Action Grant from HUD, a \$1 million grant from the Economic Development Administration and \$6 million from the private sector. Not only did the financing have to be coordinated, but so did the participation and interests of the project's funders and partners. The Mott Foundation took this role upon itself in its home community.

Another example of foundation participation in local neighborhood development partnerships is the "program related investment" strategy of the McKnight Foundation.

In St. Paul, the McKnight Foundation has invested \$9 million in the Lowertown Redevelopment Project, an urban revitalization effort that includes the renovation of several historic properties and adaptation of old warehouses to new uses. McKnight has also invested \$10 million in the Minneapolis-St. Paul Family Housing Fund. Half the amount will be lent to city residents for up to 20 percent of the purchase price of a home. Both of these projects involve the coordination of large-scale public, private, and voluntary efforts in partnership with the foundation.

Community Services

The quality of life for residents in a community is determined by a host of factors—the school system, the cultural and recreation opportunities, and even the weather. But one of the most important contributing factors is the quality and quantity of basic community services the local government and others offer. Often these services are taken for granted; that is, until garbage is collected once every two weeks instead of weekly, or the police patrols of the neighborhood or central business district are reduced.

Maintaining decent community services has become a real burden for many municipalities. With the current shifting of services provided for federal programs back to the local community, additional stresses are added to the process of planning for, allocating and managing these services. While this process has always been one that necessitates a working relationship between the public and the private sector, many believe, and probably accurately so, that an increasing burden may well be added to the private half of that alliance. There is no doubt that municipalities are increasingly unable to deal with growing demands for services.

Foundations can play a nurturing and mediating role in this area. For instance, they can aid communities in developing a process for addressing problems cooperatively, whether the problem involves devising alternative methods of providing police protection or planning a new regional park system. This agenda setting assistance can take the form of dollars to help fund the planning process and experts to provide technical assistance. The dollars can also be used to provide key leaders the opportunity to visit other cities and communities that have successfully addressed similar problems through partnership arrangements.

An excellent example of this visitation approach is "Learning from Europe," a project of Partners for Livable Places, funded by the German-Marshall Fund of the United States. The purpose of the project is to facilitate the transfer of innovation, imagination and leadership from Europe on ways our communities can be made better places in which to live. According to a

study commissioned by the National League of Cities in 1977, "attractiveness" is a key community resource in sustaining a strong economic base, as it has a direct impact upon retaining a stable workforce and in creating a desirable location for business. Thus, residential traffic restraints, urban waterfront development, and animation of public places are far more than nice ideas; they can be considered survival tools. In Europe, these urban options have been tried and tested through cooperation of the public, private, and voluntary sectors. American cities have an opportunity to profit from the successes and failures of urban initiatives in Europe and thus forgo some costly mistakes.

Although the project just began in March of this year, six cities have already been involved: Hartford, Richmond, Indianapolis, Pittsburgh, Memphis, and Chattanooga. Partners for Livable Places will continue working with these communities, providing technical assistance and acting as facilitators and catalysts. While a young project, it holds every promise of being a very successful partnership venture.

Foundations can also support evaluations that provide information about existing and needed community services, and then find ways to link them together. And certainly foundations are often in the position of providing an outside business-related discipline and financial review that is not always available in the public sector.

Two years ago, Cleveland, Ohio, was the site for such a joint venture. At that time a new mayor had been elected and was seeking the input and expertise of the business, financial and foundation communities in ways to assist his city weather the economic and management problems it was having. This appeal resulted in the Operation Improvement Task Force.

The task force, financed with \$850,000 (\$600,000 from the business community, \$150,000 from the Cleveland Foundation and \$100,000 from the Gund Foundation) faced a three-fold charge:

- identification of immediate ways to improve efficiency in city government through administrative orders;
- suggest operational and managerial reorganizations to improve both short-term and long-term efficiency;
- pinpoint specific areas where further in-depth analysis and studies were needed.

Staffing for the task force took the form of 89 managerial level staff people loaned by the business community for up to 12 weeks each. In many cases, these individuals worked close to full-time on the task force.

Six months later, 650 recommendations and implementation strategies were submitted, 88 percent of which could be implemented by executive order. It was estimated that 80 percent of these recommendations were implemented, thus saving the city millions of dollars. Others are under consideration.

Conclusion

As the Committee for Economic Development (CED) pointed out in its book, *Public-Private Partnership: An Opportunity for Urban Communities*, "In fashioning local partnerships there is no substitute for the judgment and leadership of individuals who live in a community, are knowledgeable about its people and institutions, can care about its future. . . . The evidence of recent decades demonstrates that communities

Building a partnership requires hard work, institutional maturity, and sophisticated bargaining skills.

which actively mobilize their public and private resources can deal effectively with difficult problems and create new opportunities." Building a partnership requires hard work, institutional maturity, and sophisticated bargaining skills. It is a learning process by which the participants must grow to trust each other, plan together, and work cooperatively. The reward for this kind of cooperation between the various sectors of our society is communities which are better able to meet their needs. Foundations have a significant role to play in nurturing and sustaining such partnerships over the coming years.

State Government and Community Partnerships

by
Pierre S. du Pont IV

The President's Task Force on Private Sector Initiatives has been formed to encourage the private sector and voluntary organizations to become actively involved in areas once considered the sole province of government: employment, education, housing for the poor, nutrition, and numerous other community services.

The Task Force operates from the premise that government and the private sector should take every opportunity to join forces in the delivery of services. While philanthropic institutions, religious charities, and volunteer civic organizations already perform extraordinary deeds of community service at both the local and national levels, many of these initiatives can be augmented and duplicated through partnerships that blend the resources of the public and private sectors.

The Delaware Experience

A successful state-level partnership that meshes public and private resources is illustrated by an innovative four year old project in my home state of Delaware: Jobs for Delaware Graduates (JDG). JDG focuses upon finding full-time productive jobs for the high school seniors least likely to succeed—i.e., those all but forgotten students in general education classes who receive neither vocational training nor college preparatory instruction. Most have no career plans and very little motivation.

The JDG community partnership is organized and operated as a non-profit corporation, which receives both public and private funding. Public funds are provided by the Delaware Legislature and grants from the U.S. Department of Labor. Private funds come from local businesses and the Ford and Rockefeller Foundations.

JDG is also guided jointly by the public and private sectors through a board of directors consisting of businessmen, labor leaders, state educators, and political leaders. Public officials and private businessmen share

the responsibility for making it work, just as they shared the credit for launching this project four years ago.

Local businesses are enthused about the program, because JDG gives them dependable workers for hard to fill, entry level positions.

In September, students are assigned to JDG career counselors who are also job placement experts. As the school year progresses, the job specialists help the students line up interviews with prospective employers.

JDG helps youngsters to make a smooth transition from school to employment by giving them the skills and the motivation they need. High school seniors enrolled in JDG learn the "little things" no one ever thought to teach them—how to dress for a job interview, how to write a resume, what an employer expects from a productive employee.

Eighty-six percent of JDG's students have been placed in full-time jobs within three months of their graduation. Others are moving up the educational ladder in post-secondary vocational schools. Last year, alumni of the program earned an average of \$4.12 an hour in their first year of employment.

State Level Task Forces

In order to stimulate the formation of community partnerships such as Jobs for Delaware Graduates, the President's Task Force, through a committee of Governors which I chair, is encouraging each state to establish a mechanism through which the partnership approach may be pursued. In some states, a new state-level Task Force on Private Sector Initiatives has been formed. In other states, a Cabinet Committee or an existing advisory group on volunteerism and human services has assumed the role of encouraging partnerships. In all, some 42 states have either already established a mechanism for partnership formation or are in the process of doing so.

The Task Force on Private Sector Initiatives in New Jersey, established by Governor Kean in April, 1982, illustrates the mandate and operation of a newly-formed, state-level effort.

Pierre S. du Pont IV is Governor of Delaware.

The mandate to the Task Force notes that public and private human service efforts have been operating along virtually parallel lines in New Jersey, with few ties between the two, few direct lines of communication, and relatively few instances of cooperative use of human and financial resources. The Task Force is charged with forging systematic links between the public and private sectors—an opportunity virtually ignored before economic troubles forced New Jersey to re-examine the under-utilization of its human and financial resources.

The membership of the Task Force is drawn from the corporate community, labor and education groups, the religious community, foundations, human service groups, and other non-profit agencies. Governor Kean chairs the Task Force personally.

The first step, currently underway, is to take inventory of public and private human service programs operating in the state. The second step is to devise specific administrative and legislative steps that will encourage and facilitate the formation of community partnerships. This may involve removing obstacles and impediments in state law as well as offering positive incentives for coordination of efforts.

Another approach to establishing a state-level focus for partnership efforts is found in Kansas. In March 1982, Governor Carlin established a sub-Cabinet committee on Private Sector Initiatives, composed of the Secretaries of Economic Development, Administration, Aging, Human Resources, and Social and Rehabilitation Services as well as four individuals from the private sector committed to, or involved in, community partnerships. The sub-Cabinet committee immediately launched a survey of existing public-private partnerships in Kansas and found, to its surprise, that a wide variety of community partnerships were already operating within the state. Major examples included the PLUS program, a state-wide partnership with industry to provide health screening, health promotion, and health education at the work site; and the PRIDE program, a state-wide community development effort in cooperation with the private sector. The sub-Cabinet Committee is now working to identify priority areas for further development of partnerships.

Still another approach to state-level leadership is found in South Carolina, where the Governor's Council on Volunteerism and the Governor's Task Force on Critical Human Needs are working in tandem to launch joint efforts by public organizations and private business to assist poor families and unemployed workers.

In addition to fostering immediate action to address human needs of workers impacted by a loss of jobs due

to the recession, and recipients of public assistance benefits, the Governor's Task Force is providing recommendations on policies that will promote and foster public and private joint ventures in community economic development and job creation.

A primary objective of the President's Task Force is to serve as a catalyst, encouraging the creation of partnerships where none currently exists or where business or government by itself has failed to address a community need. This desire to act as a catalyst has been the primary driving force behind the work of the Governor's committee. Our goal is to create as many state task forces as possible, to leave behind as our legacy a vital network of task forces and partnerships that will carry on the work begun by the President's Task Force.

Conclusion

One of the issues that has consistently arisen in our work is: Who should take the lead in forming partnerships, business or government? On a theoretical level, arguments can be constructed on either side. Some argue that since the reason government exists is to serve the public interest, public officials should be charged with the responsibility of playing the lead role

Leadership may come from either the public or private sector.

Still others argue that the private sector has a vested interest in any community where it exists, so business should play the role of civic entrepreneur. However, when we consider real problems in the real world, the answer is that leadership may come from either sector depending upon the particular situation. The private sector may be the first to identify a problem and to suggest a partnership to address it, or state or local government officials may initiate a request for coordination of resources in some area. What matters is that the partnership is created, and the problems addressed—addressed by representatives of a broad cross-section of the community with an interest in solving the problem.

We have learned much from the politics of confrontation in this country. It is time for the politics of cooperation—between levels of government and between the public and private sector—to play a major role as we seek to resolve problems for the benefit of all.

Community Partnerships at Home and Abroad

by

E. Morgan Williams

The President's Task Force on Private Sector Initiatives is currently seeking to stimulate the formation of community partnerships between the public and private sectors to attack our pressing domestic problems. However, it is little recognized that the partnership approach has long been utilized in addressing another critical set of problems: fighting hunger and poverty in the developing nations. For many years, a cooperative effort has mobilized resources from both the public and private sectors to provide coordinated development assistance to the Third World. The experience of the organizations operating in the sphere of international development assistance has much to offer as we begin to accelerate the formation of community partnerships at home.

Partnerships for Development

At the center of the cooperative relationship through which American development assistance is delivered to Third World nations are the private voluntary organizations (PVOs) which operate programs and maintain staff in the recipient nations. PVOs have been active in international relief work globally for more than a century. However, over the last thirty years, they have focused their efforts on the poorer nations and have developed an extensive network of contacts and relationships in these countries. This network is an invaluable resource for delivering development assistance.

Just as the American population represents a heterogeneity of interests and concerns, so do American private voluntary organizations operating abroad. A look at the PVOs that are registered with the U.S. Agency for International Development (AID) to engage in development work abroad shows that activities ranging from agricultural marketing to teaching people how to build better roads and schools are undertaken by U.S. PVOs. For example, *Africare* supports the development of water resources, increased food production and delivery of basic health care services in rural Africa. *Food for the Hungry* operates integrated rural development projects aimed at developing self-reliance through food production programs; *Heifer Project International* emphasizes training in good

management practices and the development of livestock breeding programs; *International Voluntary Services* recruits skilled technicians internationally to fill particular posts in community development, housing and industrial development and the *People-to-People Health Foundation of Project Hope* teaches modern techniques of health science to medical, dental, nursing and health personnel in Africa, Latin America and the Middle East.

The experience of the organizations operating in the sphere of international development assistance has much to offer as we begin to accelerate the formation of community partnerships at home.

Each year thousands of individuals and corporations in the private sector contribute to PVOs in support of their relief and development activities. According to a recent report on American voluntary agencies involved in overseas development assistance prepared by AID, private contributions to PVOs totaled \$836 million in 1980. Additional millions in in-kind services and volunteer time are also provided by individuals and corporations.

The partnership effort is reflected in the support provided to PVOs by government through AID and the cooperative projects undertaken abroad. Legislation that governs the relationship of U.S. PVOs with the government spells out clearly the emphasis that is placed on partnership. For example, in Section 123 of the Foreign Assistance Act of 1979 the Congress stated that "participation of rural and urban poor people in their countries' development can be assisted and accelerated in an effective manner through an increase in activities planned and carried out by private and voluntary organizations." This commitment to partnership by the U.S. Government is compatible with what most PVOs view as their objectives and serves as the foundation of the cooperative effort.

Government support has allowed PVOs to expand the scope and scale of their assistance activities beyond levels previously sustainable with private funds alone. Without the support of government for PVO activities,

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the development of such large-scale projects as agricultural marketing systems, nutrition centers, hospitals, and irrigation systems would be virtually impossible in many developing countries.

A Partnership At Work

A major emphasis of the overseas development effort over the past few years has been the improvement of basic agricultural production and distribution networks in the Third World. As President Reagan noted in his speech on development assistance to the World Affairs Council of Philadelphia last year, "Looking to the future, our emphasis will be upon the importance of market-oriented policies The focus will be on raising the productivity of the small farmer, building the capacity to pursue agricultural research and stimulating productive enterprises that generate employment and purchasing power."

To illustrate how the partnership effort works in pursuit of this objective, we can examine a project undertaken by my own organization, the Cooperative League of the U.S.A. In its overseas work, the Cooperative League works to bring cooperative structures and operations to bear on the problems of the Third World farmer and consumer.

For over a quarter of a century, the Cooperative League has been actively involved in developing cooperatives in the Third World. As noted by Congress in 1964 in reporting on the Humphrey Amendment to the Foreign Assistance Act, "Living and vital cooperatives embrace the social, moral and cultural values of their members . . . these are what give U.S. cooperatives their high value as an exportable product of our democracy."

One of the current development assistance projects carried out by the League as a public-private partnership is "Operation Flood" in India. Funding for this project was provided from a combination of foundation, government and League resources. "Operation Flood" is patterned on the model of the very successful Kaira district Milk Production Union in Gujarat State. The Kaira Union today is composed of 850 village cooperatives with a membership of 300,000. Major results of its operations are: (1) income has increased for co-op members; (2) production and income

have increased particularly sharply for the poorest members; and (3) members are investing much of their increased income in other productive assets, such as land and buffalo.

Based on the Kaira Union precedent, Phase I of "Operation Flood", completed in 1977, organized more than 2 million milk producers in India into hundreds of village milk collection cooperatives. These, in turn, were federated into 18 integrated cooperative unions, in order to "flood" India's four largest cities with high quality, low cost milk. In Phase II, recently completed, 28 additional cooperative unions have been created. All of the unions operate modern, large-scale plants which process and market milk and dairy products.

The impact of "Operation Flood" is four fold. First, the milk that is sold provides an important food source to the Indian diet and fights malnutrition in the country. Second, the Indian farmer gets a better return for his product. Third, proceeds from the sale of milk provide a source of capital formation. And finally, the formation of a cooperative stabilizes the economic situation in the villages and brings an improved way of life to the people in the community.

Conclusion

While there have been the inevitable tensions and problems in the public-private partnership for overseas development assistance that attend any effort to coordinate large-scale efforts, the results to date have been overwhelmingly positive. The U.S. PVO cannot do it along operating abroad. Neither can the U.S. government. We need each other.

The lesson for domestic policy is that partnership is more than a slogan. The AID-PVO relationship has demonstrated that the partners can accomplish more working together than by themselves. Private sector initiatives and organizations do not supplant government activities, but they can complement and reinforce public sector efforts in striving to accomplish mutually-agreed upon objectives. If we can take the overseas development experience into account as we proceed with the construction of community partnerships at home, we will make faster and more effective progress toward meeting our urgent domestic problems.

Housing Partnerships

We present below two different models of community partnership in housing. One, the New York City Neighborhood Housing Service, is a local program of the Congressionally chartered Neighborhood Reinvestment Corporation. Its emphasis is on rehabilitation. The second, the Des Moines Housing Council, is a privately initiated partnership working in the area of new construction.

The Neighborhood Reinvestment Corporation operates on two basic premises. First, neighborhood residents and organizations must be directly involved in the revitalization of their older neighborhoods. During the 1960s and early 1970s, too many older neighborhoods took a defeatist view. Organized collaboration of government, business, and voluntary organizations is required to break this attitude and give residents confidence to borrow for rehabilitation. The second premise is

and won a set of municipal and county policies that provided the right conditions for new development to proceed. The key element in this partnership strategy is that the Des Moines Housing Council acts as a surrogate public agency with delegated powers from local government. These powers are exercised from a broad representational base of neighborhood, business, and government, rather than from government alone.

Des Moines

Trash-strewn vacant lots. Abandoned boarded-up houses. Demoralized residents fleeing to the suburbs. All these signs of urban decay blighted the inner ring around downtown Des Moines, Iowa in the mid-1970s. Government programs showed little positive effect. The League of Women Voters, in a 1975

programs. The basis for the award was the operation of an effective partnership among citizens, public agencies, and the private sector—the Des Moines Housing Council, Inc.—which had constructed over 200 new housing units on vacant inner-city land.

The League of Women Voters took the lead role in constructing the partnership. League members who had served on the housing task force, dismayed by their findings, approached the president of the Chamber of Commerce for his help: would the Chamber sponsor a meeting of key business and government people to gauge the amount of interest in revitalizing the area around the central business district? As it turned out, everyone was interested.

The Chamber and the city government each agreed to provide \$100,000 to establish the Des Moines Housing Council (DMHC) to coordinate housing programs in the city and to launch new initiatives. The Council was incorporated as a non-profit organization in the spring of 1978 to develop "experimental and innovative programs to address the housing needs of inner-city residents through the pooling of human, governmental and financial resources and actions". The board of directors included developers, lenders, neighborhood activists, leaders of business and labor, city and county government administrators, the state Housing Finance Agency (IHFA) and others. One concern of the new organization was its ability to move rapidly. Thus, the by-laws of the new organization vested special powers in an inner city housing committee consisting of

Signs of urban decay blighted the inner ring around downtown Des Moines in the mid-1970s. Government programs showed little effect.

that market rate loan funds are not sufficient to revitalize a neighborhood. Public, below-market rate funds must be used to leverage loan money from local thrift institutions and commercial banks and to reduce the cost of revitalization.

Our second case, the Des Moines Housing Council, Inc., was initiated by the Chamber of Commerce and the League of Women Voters to revitalize a vacant area surrounding downtown. The Council advocated

study, reported that Federal programs—once thought to be the solution—had failed in Des Moines. The city's housing programs, whether administering Federal or local funds, were cumbersome and ineffective. Private housing organizations were working at cross purposes.

Five years later, Des Moines received the All-America City Award from the National Municipal League for its innovative housing

seven members. Together with the officers of the Council, the committee members formed a workable executive council for rapid decision-making.

Another concern was developing an inclusive planning process and allaying resident's fear of displacement. This was accomplished in part by holding regular meetings with the Neighborhood Priority Boards, of which there are six in the inner city; and in part by frequent DMHC forums, public meetings, public service announcements, and flyers for neighborhood residents.

Accomplishments

The Council's first foray into housing improvement focused on rehabilitation. Under contract with the Housing Action Alliance, an ecumenical religious organization, the Council conducted house-to-house rehabilitation using CETA workers. However, the work crews were very unstable with low skill levels, and results were discouraging.

During the same time, DMHC worked with the Des Moines Savings & Loan League on an interest-subsidy loan program and financial counseling for low income residents in the Council's prime service area, the ring around the downtown. With the lenders' enthusiastic participation, this demonstration was very successful and was eventually adopted by the city government as the Below Market Interest Rate (BMIR) program.

Following this start-up period, DMHC's major focus became new housing construction in the inner city. Recognizing that the blighting influence of vacant lots covering 75 percent of the land area in the targeted neighborhoods was the most critical problem, DMHC's President, Peter Crivaro, approached developer Lloyd Clarke with a proposal for new construction in the

neighborhoods. Clarke was cautious, telling Crivaro, "If you are to be successful, whether with the public or private sector or both, you are going to have to make such a good deal that you overcome the bias against the neighborhood and the current residents." But he agreed to help.

With the assistance of urban planner, Bil Ludwig, Clarke began to explore who lived in the area and who owned the land. They quickly discovered that Polk County owned 400 properties in the prime service area, usually for tax delinquencies. Many of these properties had been

Supervisors have never superceded a DMHC determination. DMHC also handles and judges developer competitions.

The program operates as follows: DMHC prepares requests for proposals for competitive bidding by local builders. The county advertises, as for a regular sale; the developers respond. Proposals received are evaluated on "design criteria" as well as "highest dollar criteria"—that is, the land goes to the best site and building plan, rather than simply to the highest bidder.

Because of the criteria used, innovative and energy-efficient designs

In 1980, Des Moines Housing Council produced 120 new housing units in the six target neighborhoods.

vacant since the Depression. Within 45 days, the two had a concept to propose, built around aggregating the county properties in the prime service area into a "landbank" for development.

Following a series of presentations to government agencies and commissions, with the enthusiastic support of DMHC leaders, the Polk County Land Bank was established by the County Board of Supervisors. Under the plan, developed by the county planning department and the County Attorney's office from Clarke and Ludwig's initial proposal, parcels owned by the county in the inner city were to be made available only for new housing. Each existing parcel would be "banked" until its suitability for development had been determined.

The Board of Supervisors delegated its power to make a determination of suitability to the inner city housing committee of DMHC. The committee includes the city architect, a private architect, the city planning director, two lenders, and two homebuilders. The County

are submitted. Red tape is minimized. If a builder subscribers to the homeowners warranty program (HOW), he need submit only a site plan, building design, and a banker's statement of availability of interim construction financing to offer a bid. The developers, in turn, agree to pass on the land savings to buyers of the houses they build.

To enhance the attractiveness of the land offered for sale, the city, on the recommendation of the six neighborhood advisory boards and the city-wide Citizens Advisory Board, use CDBG funds for curb and sidewalk improvements, sewer and water hook-ups, and other public services. Also, by declaring the construction zones "urban revitalization areas", property owners can receive full property tax abatements for three years or partial abatements for up to 10 years under Iowa law.

Financing is also attractive. The Iowa Housing Finance Authority has offered \$4.82 million in mortgage financing at 8% interest. The Greater Des Moines Board of Realtors has held a loan seminar for par-

ticipating real estate agents and a second for prospective buyers. The realtors, Savings & Loan League, and the Bankers Clearing House Association provides advice on purchasing and financing.

In 1980, the DMHC produced 120 new housing units in the six neighborhoods, mostly single family homes and some townhouses. Half the purchasers were already inner-city residents. Forty percent were black, a little under thirty percent white, and the remainder other minorities (mostly Southeast Asian). Many were young, first-time buyers. The majority had household incomes of \$13,000 to \$19,000. It was a busy and difficult year, but, says current DMHC president Marilyn Staples "in 1980 we really hit our stride and started to do the innovative things we were formed to do." In 1981, DMHC produced another 110 units.

Prospects

With the initial success of its new housing program, DMHC has broadened its activities. For example, it lobbied for a recent ordinance reducing the city's waiting period to acquire abandoned residential properties to six months. DMHC has also started a tool lending library for inner-city residents and is working on neighborhood commercial revitalization in the Logan Square project.

Noting that Neighborhood Housing Services (which is represented on the DMHC board) recently expanded into a second neighborhood, DMHC would like to "move into preventive measures" along the NHS model: halting and reversing decline before the neighborhood hits rock bottom.

Continuing problems also demand attention. The most crucial need is to find construction and

mortgage financing to meet DMHC's goal of 100 new housing units in each year of the 1980s. There is some discouragement about the prospects for additional state and federal funds. DMHC is now investigating "creative financing" and tapping the insurance companies and pension funds.

Given the difficulties of housing construction in the current economic environment, it is small wonder that DMHC leaders are concerned about their ability to continue meeting housing needs in the city. But by creating an effective partnership, there is little doubt that Des Moines has the energy and organization to face the future confidently.

New York

New York City Neighborhood Housing Services, Inc. (NHS) is a partnership of government, business, and neighborhoods which funds and coordinates the activity of seven Neighborhood Housing Service rehabilitation loan units around the city. New York NHS, in turn, is a component of the Neighborhood Reinvestment Corporation (NRC), a Congressionally-chartered, private, non-profit organization that is mandated to improve the quality of

gressional appropriation of approximately \$13 million.

NRC originated in 1970 when William Whiteside joined the National Home Loan Bank Board to train executives for urban housing investment. By 1971, Whiteside and the Bank Board had become very interested in a novel program in Pittsburgh called Neighborhood Housing Services. That program brought together neighborhood leaders and savings and loan associations for cooperative strategies of reinvestment. By 1973, the Bank Board had funded several demonstrations of the Pittsburgh model in Oakland, Dallas, the District of Columbia, and Plainfield, NJ. It also brought FDIC, the Federal Reserve System, and the U.S. Comptroller of Currency into the structure of the project.

In 1974, HUD was impressed enough to join in and signed an inter-agency agreement with the Bank Board to form a Task Force on Neighborhood Reinvestment. The other federal financial agencies joined the Task Force and HUD furnished demonstration funds for 34 new Neighborhood Housing Service units. In 1977, the Credit Union Administration joined the Task Force. And finally, in 1978 Congress chartered, authorized, and funded NRC.

In the year of its congressional charter, NRC decided to broaden

NRC's principal tool is utilization of a revolving loan fund to leverage private sector investment in housing improvement.

housing stock in the nation's older neighborhoods. NRC's principal tool is utilization of a revolving loan fund to leverage private sector investment in housing improvement. NRC currently operates through 171 Neighborhood Housing Service units in 126 cities and enjoys a Con-

Neighborhood Housing Service activity in New York City. At that time, there was only one Neighborhood Housing Service organization in New York, a small unit operating in Jamaica, Queens.

In its own fashion of organizing, NRC began holding exploratory

conservations about expansion with local government, neighborhood leadership, and the business community.

An early meeting with the city's Department of Housing, Preservation, and Development identified the possibility of leveraging substantial public dollars for an expanded revolving fund, especially if there was private sector commitment.

NRC then met with Equitable Life Assurance Society—the first private sector party of potential interest. Equitable was already supportive of the neighborhood housing service approach nationally, as a major investor in Neigh-

borhood Housing Services of America in Oakland, CA, which is the secondary mortgage purchaser of Neighborhood Housing Service loans.

Equitable did two important things. First, it made the initial private sector contribution of \$85,000 for the creation of New York City Neighborhood Housing Services. Second, it convened a meeting of 12 other major companies in the insurance industry to organize additional support toward a goal of underwriting one-third of the annual operating budget (\$1,000,000) for an expanded NHS. An additional one-third of the operating budget was committed by the savings and loan industry, and the final third by commercial banks. Foundation grants also helped to subsidize the start-up costs for the expanded operation.

The core program of the New York Neighborhood Housing Services is making low-interest rehabilitation loans from a revolving loan fund of \$825,000.

The contribution by Equitable and other private sector companies impressed the Department of Housing, Preservation and Development and played an important role in its

decision to commit funds to the NHS revolving loan fund. Based on this commitment, the expansion was able to move ahead.

Organization

New York NHS is presently organized as a non-profit corporation with seven operating neighborhood units in Brooklyn, Bronx, Queens, and Staten Island. These neighborhoods include: East Flatbush and Kensington/Windsor Terrace in Brooklyn; Williamsbridge/Olinville/Wakefield and Soundview in Bronx; Jamaica and Laurelton in Queens; and West Brighton in Staten Island. The Jamaica division

predated the central structure and has a larger staff and budget than the other divisions. Otherwise, the resources of New York NHS are equally divided among the neighborhood divisions. The total operating budget in 1982 is \$1,000,000.

There is a 24-member central Board of Directors which is made up of representatives of state and local government, financial institutions, and neighborhood organizations. Each neighborhood unit also has a Board consisting of representatives from the same sectors. Two representatives from each of the seven neighborhood Boards sit on the central Board. Government representatives on the central Board include the State Commissioner of Housing and the city's Deputy Commissioner of Housing, Preservation and Development. Business representation comes from Metropolitan Life, Anchor Savings, Chase Manhattan, Manufacturers Hanover Trust, Chemical Bank, and Dollar Savings Bank.

Operations

The core program of New York NHS is making low-interest rehabilitation loans from a revolving loan fund of \$825,000. This fund is divided into seven neighborhood funds. The distribution of local funds must be centrally approved.

Local boards make loan recommendations to the central corporation. They also hire and supervise the staff people—in most cases, a Director, an Administrative Assistant, and a Rehabilitation Specialist—who operate the core program.

At the neighborhood level, the objective is to use the revolving loan fund to increase the total dollars invested in housing rehabilitation. This is done by leveraging local financial institution loan agreements. For example, a resident may need \$20,000 for rehabilitation work which he cannot afford to borrow at the current 16% market rate. NHS might offer \$10,000 at 6%, enabling the resident to afford the other \$10,000 at market rate. In such a case, \$10,000 in NHS funds leverages \$10,000 in private funds for re-investment in the community.

The first step in carrying out this program is for the NHS Rehabilitation Specialist to conduct a site examination. Rehabilitation needs are carefully segmented to identify specific components that may be eligible for subsidization of interest rates. For example, Brooklyn Gas has a 12% loan fund for energy conversion improvements. NHS might combine Brooklyn Gas money, its own loan contribution at a low interest rate, and a portion of market-rate commercial loan money into a tandem loan package for a rehab project involving some amount of energy conversion.

There is no minimum rate on NHS funds, nor any set duration for repayment. All NHS participation is negotiated on the basis of the client's

needs and local circumstances. Beyond rehabilitation loans, a NHS unit may make an occasional purchase loan if it deems that a particular property transfer is crucial to local revitalization. A four unit property might be a good candidate for decay under absentee landlord purchase, but a purchase loan to occupant buyers could secure the property and add to the general value of the surrounding area.

The skill of the Rehabilitation Specialist is crucial in the loan assessment process. The revolving fund is too small to spend on cosmetic loans that are not general anchors for stabilization. The loan strategy rests on the careful investment of scarce funds in structural work, energy modernization, and other "hard" improvements which contribute to the stability of the neighborhood.

Prospects

Across the country, the partnership approach of the NRC has enjoyed tremendous success over the

past several years. It has exercised strong influence over partnership formation in other fields. Its political support, both nationally and locally, is solid. NRC remains popular with the Reagan Administration, and has strong friends in Congress.

As is seen so clearly in New York, NHS offers benefits to all of the partners: government, business, and neighborhood organizations. From the point of view of local govern-

tions, the blending in of NHS low-interest money helps sustain the market rate of interest. In many respects, lenders prefer this to a directly competitive subsidized interest rate. The local NHS is also a valuable tool for identifying credit-worthy borrowers which a small bank or savings and loan institution might not have the tools or financial means to identify. For insurance companies, NHS helps to stabilize

From the point of view of local government, NHS stretches housing dollars. It leverages private sector dollars for moderate to middle income communities. It produces stable neighborhoods and thereby maintains tax revenues.

ment, NHS stretches housing dollars. It leverages private sector dollars for moderate to middle income communities. It produces stable neighborhoods and thereby maintains tax revenues. From the point of view of financial institu-

property values and defuses the redlining issue. Finally, residents gain a pool of subsidized rehabilitation loan money for the improvement of their community, which also leverages private investment.

Neighborhood Revitalization Partnerships

The neighborhood revitalization efforts discussed in this section present different approaches to the construction of community partnerships. The Roanoke Neighborhood Partnership was initiated by government and reached out to the private sector for support and representation. The Kansas City Neighborhood Alliance, on the other hand, was initiated by private corporations and is organized around business-neighborhood collaboration. The Alliance relates closely, but independently, to the public agency for housing and community development in Kansas City.

Both cases are based on the premise that neighborhood revitalization requires an integrated commitment of dollars, energy, and interest between neighborhood organizations, government agencies, and private business. Each has an important stake in the stability and security of the nation's older neighborhoods. Today, the premise seems obvious. It was not so obvious a decade ago during an era of confrontation and adversarial relations between all parties.

Roanoke

The Roanoke Neighborhood Partnership is a city-wide neighborhood development program that has brought three new sources of support into the community development process—the business community, neighborhood organizations, and voluntary agencies. Until the inauguration of the Partnership in 1980, the development process was primarily a direct operation of the city government's Office Of Community Planning.

By 1978, local officials in charge of community development realized that they could not engineer private investment by themselves. They had already involved neighborhood organizations in the development process through a citizen participation system. The real problem was that the cooperation of government and neighborhoods could not convince banks and developers to put dollars and construction commitments into the older neighborhoods. The financial community lacked a political role in the community development process. If business could be brought into the planning process, then it might enter the spending process.

A plan worked out under the leadership of Earl Reynolds, Director of the Office of Community Planning, for the City Council to establish a new entity, initiated the Roanoke Neighborhood Partnership. This plan was influenced by models of neighborhood development in Atlanta and Baltimore. Atlanta had previously reorganized its planning process on the basis of neighborhood plans and assigned planning staff to work with neighborhood organizations. Baltimore had organized the staff of its community development department around neighborhood strategies.

The Partnership is organized around a Steering Committee,

Neighborhood organizations, government agencies, and private business all have an important stake in the security and stability of the nation's older neighborhoods.

In 1978, the Carter Administration announced its urban policy, which was based on the partnership approach to urban revitalization. Federal, state, and local government; the business community; neighborhoods; and voluntary institutions were asked to work together. This policy gave Roanoke officials the opportunity to offer business a role in neighborhood planning, without arousing antagonism from the neighborhood sector. Business responded with commitments of support from the Roanoke Valley Chamber of Commerce, the banking community, the Roanoke Valley Board of Realtors, and the Homebuilders Association.

which is appointed by the City Council to oversee neighborhood development work. The Steering Committee enjoys official review and approval powers, similar to the role of the Architectural Review Board, which oversees historic preservation activities in Roanoke, or the Planning Commission, which approves planning decisions. The Partnership operates directly out of the Office of Community Planning and is staffed by an employee of that office, selected by the Partnership. It has a budget of \$67,000.

There are two unique features of the Partnership Steering Committee which help to insure its successful operation. First, it is the official

Community Development Board of the City of Roanoke. While many cities have a citizen participation unit in the community development process, that unit is generally appointed by the community development department as an advisory unit. Community development officials report directly to the Council or Mayor, without passing through an intervening official committee. In Roanoke, however, the community development agency has subordinated itself to the Steering Committee in exchange for the active involvement of different sectors which are viewed as essential to a successful community development process.

Second, the private sector was brought into the community development process not just in reaction to federal cutbacks but as a positive force in building a better community. Thus, business does not feel put upon to fill the "gap".

Once the Steering Committee was formed, the Partnership reached out to involve a broad spectrum of individuals and groups in Roanoke. The basic premise of this outreach approach was that neighborhood residents, if organized and backed by the resources of business, voluntary organizations and the public sector, could define and solve many of the problems affecting the quality of life in their neighborhoods.

In early 1981, a city-wide Neighborhood Forum was held for the purpose of identifying priority needs. The Forum included workshops to: (1) define issues—positive and negative; (2) identify and connect with needed resources; and (3) develop an action plan for neighborhood projects. The workshops were open to all neighborhood residents. As many as 150–200 people attended each workshop, which were conducted by volunteer facilitators who were trained in group process.

The workshop format used participatory small groups, each with a

defined work agenda. Members of the neighborhood organizations were also assigned tasks to be accomplished between meetings. All around town, neighborhood residents were preparing issue summaries, neighborhood histories, maps and surveys; then identifying, contacting and meeting new resources; and finally working closely to negotiate and refine action plans.

At the conclusion of the workshop process, city staff, consultant, and volunteer assistance was available to help groups work on priority projects. A small matching grant fund was established to help neighborhood groups reach out to the private sector and learn the mechanics of fundraising and financial management. Four neighborhoods were selected for major demonstration efforts. These neighborhoods represent the full range of social, economic, and geographic characteristics of the city.

Accomplishments

The major organizational accomplishment of the Partnership has been the strengthening of neighborhood organizations as active, credible development entities. The four original demonstration neighborhoods have all developed powerful neighborhood organizations which compete for block grant funds and leverage private funds.

A major substantive achievement in one demonstration neighborhood was the City Council's approval of a \$10,000,000 storm drainage system for Williamson Road. The Williamson Road Action Forum was organized through the Partnership. Its leaders mobilized the business community in that area into an association, and then joined with that group to study storm drainage utilization in the area. The resulting Storm Drainage Review Committee enlisted professional assistance and

came up with a convincing design which was approved by the City Council. A city bond issue was passed incorporating the drainage system.

In the Gilmer Avenue area, the local neighborhood organization established a housing committee, and brought Allstate Insurance into its planning efforts. Together, Allstate and the neighborhood prepared and printed a guide to housing assistance programs offered by different federal, state, and local agencies. They were able to market these programs more successfully in the community than the city government had previously been able to do.

In the Grandon Road area, the local neighborhood organization worked out a plan with the business association to beautify the commercial strip using volunteers for sign control, street cleaning, and tree planting. This Partnership project responded to a need that the city government had not previously addressed.

In the Belmont area, Allstate and Shenandoah Insurance Companies, as well as Kroger Foods and Advanced Auto supplied materials to the local neighborhood organization for the restoration of an old firehouse and its conversion into a community center. The City gave the organization a long-term lease, and the organization recruited 60 volunteers for this restoration job.

Prospects

The Roanoke model demonstrates that government, business, and neighborhood voluntary organizations can work together constructively for the betterment of their communities. In Roanoke, all parties have decided that the confrontational styles of an earlier era are no longer affordable. Resources are too limited and problems too severe to indulge adversarial instincts.

The Steering Committee is a well-established institution and will continue over the indefinite future as the major mechanism for neighborhood revitalization in Roanoke.

The main problem facing the Roanoke Partnership today is that neighborhood demand for assistance has outstripped the resources of the Steering Committee. The Partnership has succeeded as a mechanism for neighborhood revitalization and now must catch up with demand.

Two additional neighborhoods have recently been added to the four original demonstration neighborhoods for priority projects. Expansion beyond these six areas will have to await further infusion of resources from public and/or private funds.

Kansas City

The Kansas City Neighborhood Alliance is a city-wide neighborhood development partnership of corporations and neighborhood associations. The Alliance was organized in 1980 as an initiative of the Kansas City Civic Council—an organization consisting of 100 large corporations in Kansas City.

The Council has initiated four major projects in recent years. It spawned the Council on Education, which links the business community to the local school system. It created the Kansas City Corporation for Industrial Development, which works closely with city government to retain large-scale employers in the downtown and industrial areas of the city. It founded Kansas City Tomorrow, which trains young business, community and government leaders for future responsibilities in the public and private sectors of the city. Finally, it originated the Neighborhood Alliance after several prominent business leaders like Don Hall (Hallmark Corporation),

Charles Curry (Home Savings Association), and Jake Mascotte (Mutual Benefit Life) were able to convince their peers about the importance of neighborhood revitalization.

The Civic Council formed a Task Force on Neighborhood Revitalization which recommended establishing a citywide organization of community and business leaders to support neighborhood revitalization projects. The Task Force identified neighborhood-based leaders for the board, along with business members of the Council who were interested in revitalization. Finally, it recommended a support budget of \$450,000 for three years. These recommendations were adopted, and the Kansas City Alliance was formed.

Activities

Alliance activities encompass five major goals. The first major goal is to strengthen the capacity of organizations involved in revitalizing the inner city. This involves supporting housing rehabilitation organizations in four neighborhoods; providing direct administrative assistance to East Community Team, Inc.; and forming a development organization for the Palestine neighborhood. The Alliance is also publishing a city-wide survey of neighborhood organizations.

Its second objective is to bring greater investment capital to Kansas City's older neighborhoods. The Alliance has leveraged a \$500,000 grant from LISC—a national private investment fund for neighbor-

The Alliance was organized in 1980 as an initiative of the Kansas City Civic Council—an organization consisting of 100 large corporations.

The Alliance board consists of eleven members representing both business and community interests. Its Executive Director is Tony Salazar, and its program officer is Jim White. Its principal funding comes from the Civic Council which has just approved a renewal grant for another three years at a reduced funding level. The Alliance also receives substantial financial support from Hallmark Cards, the Kansas City Association of Trade, and the Ford Foundation. A new LISC target city fund of \$1,000,000 will substitute in the future for the decreasing support of the Kansas City Civic Council, and represents a strong path of growth for the Alliance.

hood development—on a dollar for dollar matching basis; and will serve as the allocation vehicle for the resulting million dollar loan fund. The Alliance also prepares funding applications for neighborhood organizations, and identifies resourceful private sector individuals to volunteer their time to neighborhoods. It acquires materials and equipment from the private sector, operates a \$200,000 revolving Weatherization loan fund; and compiles and distributes energy kits. It implements an effective loan packaging procedure among different neighborhood organizations and develops a considerable number of actual loans.

The third goal of the Alliance is to establish and nurture small-scale

working partnerships between the public, private, and neighborhood sectors. Currently, for example, this involves cooperating with the Lutheran community to capitalize a \$100,000 mortgage pool to finance the rehabilitation of abandoned houses by the Westside Housing Organization (WHO). The Alliance will also assist WHO in acquiring and rehabilitating the West Penway Housing Project.

Fourth, the Alliance seeks to market older neighborhoods to residents and new buyers. This involves media coverage of neighborhood news, slide presentations on neighborhoods, mapping older neighborhoods, and general promotional activity.

The final goal is to foster the acquisition of vacant property by neighborhood organizations so that they can better control their environment. This means researching vacant land ownership, planning strategies of acquisition, holding workshops on vacant land development, maintaining both a revolving loan fund for acquisition and a bulk buying program, and providing \$35,000 in interest free loans for vacant house acquisition by six neighborhood organizations.

Prospects

The Kansas City Neighborhood Alliance is now in its third year of growth. Some of the original supportive business leaders have left the city, but business commitment to neighborhood revitalization and to its primary vehicle, the Alliance, remains strong. This was ratified by the business community's financial response to the LISC challenge grant.

With regard to government participation in the partnership, the Alliance does not include formal representation from the city's Office of Housing & Community Development. But it does have a close cooperative relationship with that agency. The agency conducts joint program planning with the Alliance in the rehabilitation field and the two entities have co-sponsored conferences and workshops. Three of the staff members of the Alliance formerly worked with the Office of

Business commitment to neighborhood revitalization and to the Alliance remains strong.

This strength may be enough to advance two new goals of the Alliance. One goal is to open the United Way to support for neighborhood organization and development. The second goal is to use Alliance resources to leverage a major public/private partnership of sufficient scale to fulfill responsibilities to low-income citizens formerly supported by the federal government. The principal target is the creation of a \$10-\$20 million capital pool for low-income housing in the city.

Housing & Community Development and the City Council, so there are strong personal ties of cooperation as well.

Since the inception of the Alliance, the greatest disagreement with the city's community development agency has arisen from the refusal of the agency to directly fund neighborhood organizations for development. This policy is gradually changing, in light of successful Alliance programs with various neighborhood organizations.

Partnerships for Youth

Of all the social problems confronting American society, most observers agree that inadequate training of youth and youth unemployment are among the most urgent. Youth is our most precious resource. If we squander its potential through poor schooling and condemn it to idleness through a lack of entry-level jobs, we pay a heavy price in violent crime, public welfare costs, and lost output.

The three Notes from the Field presented below illustrate innovative community partnerships which are making a noticeable dent in the problems of youth training and employment. None of the three cases presents a panacea for the problems of youth. The efforts are much too small and tentative to address more than a small piece of the problem in their local communities. Yet they do lead the way toward a new way of thinking about youth problems. The essence of that thinking is this: Government programs, no matter how well-intentioned and how well-financed, cannot tackle the problems alone. A coordinated effort of government, business, and voluntary organizations is the essential foundation of a solution.

Phoenix

In Phoenix, a broad-based community partnership focusing on employment for youth in providing vitally-needed services. The partnership was initiated and principally funded by the Gannett Foundation's Community Priorities Program, a national effort to foster cooperative structures for addressing community problems.

The Gannett Foundation, with assets of more than \$200 million, was established in 1935 by the late founder of the Gannett Group of newspapers. It contributes (about \$5.4 million in 1981) to a broad range of charitable causes in more than 100 communities in the United States and Canada serviced by Gannett Co., Inc. newspapers, broadcast stations and outdoor advertising companies. Its primary national interest (\$2 million in 1981 contributions) is journalism education and professionalism. The foundation and company both have headquarters in Rochester, NY, but are legally independent of each other.

of youth training and employment. Programs funded in Atlanta, Battle Creek, MI; Cocoa, FL; Denver; Oakland; Rochester; and Stockton, CA are currently providing a wide range of counseling, employment placement, and other services to youth. However, the most comprehensive partnership effort to attack youth problems stimulated by CPP is found in Phoenix.

In Phoenix, the problems of youth training and employment have been at the forefront of public concern for some time. In May, 1980 Mayor Margaret Hance appointed a task force of youth service agencies, business leaders, and public officials

Of all the social problems confronting American society, inadequate training of youth and youth unemployment are among the most urgent.

In order to provide a more positive impact on critical local problems, the Gannett Foundation launched its Community Priorities Program (CPP) in mid-1981. Local chief executives of Gannett subsidiaries were invited to submit competitive applications for a total of \$1 million in CPP awards, with a minimum of \$25,000 and a maximum of \$150,000 for any one community. Forty applications were received and awards were made in 20 communities nationwide to local non-profit organizations and governments.

While the awards were made in a number of categories, including health care, day care, community development, law enforcement, and leadership development, the Community Priorities Program in 1981 focused heavily upon the problems

called the Valley Youth Coalition. The Coalition found that the proportion of youth dropping out of school and being charged with delinquency was growing alarmingly, along with the number of youth gangs. It thus recommended a dramatic upgrading of employment, training, and recreation opportunities for youth.

The difficulty with this recommendation, of course, was that federal funds for youth training and employment programs were being cut drastically during 1981 and fiscal pressures on the city and county governments made new locally-financed programs problematic. About this time, the Gannett Foundation's Community Priorities Program presented a possible solution.

The Chairman of the Valley Youth Coalition was Robert Reade.

President of Gannett Outdoor Co. of Arizona. Following the announcement of the Community Priorities Program, Reade and his local Gannett colleagues, Pep Cooney, manager of Gannett's television station KPNX, and Harry Goss of national Gannett Outdoor Advertising, began a process of community consultation with the members of the Valley Youth Coalition as well as other local leaders, that, resulted in a grant application to the Gannett Foundation. This application requested the maximum award of \$150,000 for Phoenix to support and reinforce a broad range of youth programs. Over 20 community leaders—ranging from Mayor Hance and Reuben Ortega, Chief of Police, to Lucy Quiroz, Chairman of the Chicanos por La Causa Jobs for Youth Committee, and Bob Bartlett, local director of the National Alliance of Business—wrote letters of support for the proposal. The full \$150,000 was granted to Phoenix in December, 1981.

Projects

The highest priority identified through the community consultation process was to provide employment opportunities for youth. Given the magnitude of cutbacks in federal funds for employment training, the Gannett Foundation's private initiative filled a critical need in maintaining community services.

A portion of the Gannett Foundation funds went to the National Alliance of Business to underwrite a coordinator for summer job placement in 550 area companies. According to Bob Amos, Chairman of the Phoenix NAB, the summer Youth Campaign began with a week long phone bank to over 3,000 local employers in May, 1982 seeking pledges of summer jobs. These pledges were followed up by an executive loaned from the Arizona De-

partment of Employment Security (DES). In 1981, 1,800 pledges were generated. In 1982, reflecting the economic recession, only 350 were produced, yielding an average of two part-time jobs per pledge. However, without the summer job coordinator, it is likely that far fewer pledges would have been forthcoming.

The National Alliance of Business also received a portion of the Gannett Foundation grant to support its Youth Motivational Task Force. Bob Amos explains this other facet of the NAB program as a group of over 100 volunteer "witnesses", many from minority groups, who dropped out of school, went back later, and subsequently became successful. The witnesses speak to several thousand dropout-prone youth annually to convince them to remain in school.

Other allocations from the grant for job training and employment included: \$10,000 to Chicanos por La Causa for classroom and on-the-job training of Hispanic youth for employment by La Causa's subsidiary, Sun Sol, Inc.; \$5,000 to the Phoenix Urban League for half the operating budget of "Youth United", a publication by and for black youth that

Center for Education to assist the Phoenix public schools in establishing a Dropout Clearinghouse to concentrate counselling and referral services to dropout-prone youth.

Beyond the core employment and training programs, Bob Reade and the other community leaders who prepared the Gannett Foundation grant application also allocated funds to a variety of youth recreational activities, as well as to the coordinating efforts of the Phoenix Community Council, a non-profit agency engaged in community planning and service referral.

Prospects

The Gannett Foundation CPP grant, while enormously useful in supporting the work of a number of agencies, obviously does not address the long-term funding needs for youth training and employment programs in the Phoenix area. Nor is it meant to. No one in Phoenix expects the Gannett Foundation to continue funding local programs indefinitely and the amounts the Foundation is able to provide are very limited in relation to the overall spending of the agencies involved.

The highest priority identified through the community consultation process in Phoenix was to provide employment opportunities for youth.

had been discontinued due to cuts in federal funding; \$15,000 to Call-A-Teen to maintain a coordinator for their summer youth employment program; \$10,000 to the Youth Service Bureau, a non-profit agency formerly part of the Maricopa County government, to train 100 agency representatives in youth counseling and development; and \$15,000 to the Bostrum Alternative

The true significance of the Community Priorities Program, as it has operated in Phoenix and other cities, lies not in the amount of money allocated during a particular year but rather in the stimulus provided to the formation of long-term community partnership efforts. In this regard, according to Theron Weldy, director of the Youth Services Bureau, the Gannett Foundation initi-

ative was critical because it set "an example of behavior for the corporate sector" in Phoenix. Thus, while a permanent partnership structure has not yet emerged in Phoenix, the area does seem to enjoy a substantial headstart in devising a coordinated approach to youth problems among business, government, and voluntary organizations.

Pittsburgh

Pittsburgh's widely acclaimed renaissance is attributable in part to a long history of corporate-public sector cooperation. The Allegheny Conference on Community Development with its board of corporate and community leaders, has been a forum for this cooperation for 38 years. The Conference sees itself in part as a leader in bringing private sector resources into new areas and as a proving ground for new methods of private initiatives.

Recognizing the adequacy of public school training as a critical component of urban well-being, the Conference decided in 1978 to elevate public education to a more prominent position on its agenda. As a successful catalyst of private sector involvement in other arenas of social concern, the Conference was able to generate approximately \$1 million in corporate and private/foundation contributions to endow its Education Fund, established in 1979. The Conference strategy is to foster school system improvements through selective use of special programs and policy development assistance.

One of its most effective programs, Partnerships in Education, involves pairing local companies with public high schools to the mutual benefit of students, teachers, and employees. The program is supported by the Greater Pittsburgh Chamber of Commerce and the

city's school board as well as the Education Fund. After less than three years, 25 companies and organizations and 20 schools are participating.

Programs

The operation of the Pittsburgh partnership is illustrated by the pairing of Brashear High School and Westinghouse Electric. The school has a huge new building with a fully equipped television studio, computer center, auto repair shop, and drycleaning plant. Brashear's partnership coordinator, distributive education teacher, Judy Brant, and its principal, Gene Khorey, are enthusiastic about Brashear's partnership with Westinghouse Electric.

The industrial electricity teacher wrote, "We discussed the state-of-the-art of implications for the future. We also discussed the quality of vocational students available for employment. There is an expanding need for trained electrical tradesmen and women. . . Westinghouse is engaged in technological updating for their employees and I believe we have much to offer in trained personnel and possible use of our facilities."

After a shadow day at Westinghouse, an English teacher designed a mini-course on technical writing for Brashear's annual "Superbowl of Problem Solving". Westinghouse employees are helping design the superbowl graphics and several will serve as judges in the competition.

Partnerships in Education involves pairing local companies with public high schools to the mutual benefit of students, teachers, and employees.

"Operation Shadow" has been among the most successful activities. Brashear faculty are paired with Westinghouse employees in related fields and spend one work day "shadowing" them, learning about their jobs and their training requirements. For example, the industrial electricity teacher was paired with the superintendent of maintenance of the powerhouse, and the crafts teacher with metallurgists at the research-and-development lab.

Teachers derived many insights which they could use in their classes. "Many of the tools and pieces of equipment were very similar to tools used in our jewelry studio. . . I am now very aware of many applications of our metalcraft experience here at Brashear with industry," wrote the crafts teacher.

Both the Westinghouse employee newsletter and the Brashear newspaper regularly feature articles on the partnership. One unexpected result of the publicity was an offer from a Westinghouse senior accountant to present a program to Brashear students on factors necessary for a successful career. After the presentation, he asked the students to write an evaluation. He responded to these, writing a letter to each student, and giving prizes to the three who wrote the best evaluations. He has since offered additional time for one-on-one career counseling with students.

Prospects

The participants in the Allegheny Conference partnership effort em-

phasize that building relationships between business and education isn't easy, but once established, the partnerships are mutually rewarding. One lesson from experience is that schools must plan and initiate requests for assistance. Corporations want to help without intruding. They rely on the schools to set priorities and get the ball rolling. Second, partnerships in education rest upon strong personal relationships. Time, patience, and frequent contacts are needed to overcome inherent differences in organizational purpose and style. For example, personal relationships between Brush teachers and Westinghouse personnel forged through shadow days were an indispensable element in the partnership. Finally, neither the schools nor the corporation should approach partnership as a gift of charity from the corporate side. Both parties have something to gain. Beyond the pure public relations value, corporations may gain access to a better-trained pool of reliable entry-level labor. Partnerships can also boost morale. As Michael Camp, Westinghouse partnership coordinator, notes, "Employees are often glad of an opportunity to go out and tell people about what they do. Often there's no one else to tell, and the interest of the students and their teachers is excellent for employee morale."

The Allegheny Conference plans to have partners for all the remaining high schools and middle schools during the 1982-1983 school year. It is hoped that the program will become so successful that the Board of Education will take it over completely. This would free resources in the Education Fund to support other new programs. Meanwhile, numerous other cities are experimenting with business-public school partnerships and it appears that the concept may be on its way to widespread national acceptance.

New York City

For the last two years, the New York City Partnership has operated one of the largest and most effective summer youth employment programs in the nation. Lauded by President Reagan as a leading example of private sector initiative, the Partnership's jobs program combines the resources of business, government, and voluntary organizations to locate summer positions

Jobs for Youth

The Partnership launched its first fully coordinated effort to find summer placements for youth in 1981. With a grant of \$100,000 from the Astor Foundation, "Summer Jobs for Youth/1981" produced 14,000 job slots for poor youth between the ages of 16 and 21, and 9,300 actual placements. This doubled previous private efforts in the city. In 1982,

For the last two years, the New York City Partnership has operated one of the largest and most effective summer youth employment programs in the nation.

and to fill them with disadvantaged youth.

The New York City Partnership was formed in late 1979 as a collaboration of two organizations that had long sought a closer working relationship—the New York Chamber of Commerce and the Economic Development Council. It grew out of a realization by business leaders that business was diluting its effectiveness in civic affairs by spreading its resources among overlapping and uncoordinated efforts. An entity was needed to concentrate and direct the energies of the business community toward the major issues facing the city: youth employment, mass transit, public safety, housing and economic development. The collaboration was cemented by an umbrella organization, known as SERVCO, which was created to offer a variety of administrative and program services to the Chamber and EDC, as well as to serve the framework for a broader partnership structure in which additional corporations could join efforts on specific programs.

20,000 jobs were identified and 15,000 were actually filled. Program costs increased to \$150,000.

The bulk of job placements for 1982 were in the fields of food service, retailing, and recreation counseling. Sixty-four percent of the jobs were located in Manhattan, with the rest spread relatively evenly among the other four boroughs. The jobs were for at least 20 hours per week for a minimum of seven weeks, and paid at least the minimum wage of \$3.35 per hour. Many jobs were for more than 20 hours per week. It is estimated by the Partnership that between \$8 million and \$11 million dollars was put directly into the pockets of economically disadvantaged youth, not to mention the invaluable experience gained for future placement.

Each year, one corporation sponsors and coordinates the program under the aegis of the New York City Partnership. New York Telephone directed the 1981 drive, Citibank took responsibility for the 1982 effort, and Phillip Morris will conduct the campaign in 1983.

Planning for the Summer Jobs for Youth program begins in mid-December. In January, a public relations campaign is launched. From February to March, young people register for the program. From March to June, job pledges are obtained.

Registration is a cooperative effort of business, government, and voluntary groups. The city's Manpower Department turns over the excess of registrants for its own larger public sector summer employment program to the Partnership. The City University System (CUNY) also supplies a printout of eligible students. And finally, community based organizations are encouraged to send in applications.

Securing job pledges is largely a corporate sector responsibility.

isfied with the program. Eighty-seven percent of company executives indicated that they will continue to participate on an annual basis. However, many feel that the student workers should be better screened for proper placement and better prepared for work. Job site supervisors generally rated the work of summer employees as average or above average, but felt some improvement in attitudes and behavior was warranted.

Young workers were overwhelmingly positive about the program and indicated willingness to accept the same job in succeeding summers. The program staff for 1981 felt the program generally had gone well, but identified key areas for improvement. The most pressing need for improved organization of the an-

There is growing cooperation between the city's Department of Manpower and the Partnership effort. The Manpower Department operates a large CETA program for private sector training and direct placement. In 1981, 13,000 people were placed directly into private business, while another 17,000 were taken into training for subsequent job placement. It is clear to all involved that the complementary efforts of the Manpower Department and the Partnership's Summer Jobs for Youth program must be carefully coordinated.

Similarly, the collaboration between the Partnership and the city's Department of Education is growing. The Department of Education already supplies a large portion of the summer job slots filled by the Partnership through the Cooperative Education program. Increased collaboration is evident in the recent formation of an Education Task Force within the New York City Partnership, which will serve as the vehicle for long-range cooperation between the Education Department and private business in preparing New York youth for the job market of the next decade.

The importance of the voluntary sector in the summer jobs effort is indicated by the fact that over 4,000 job placements in 1982 were in non-profit agencies. In addition, a number of private universities and community development organizations played key roles in the planning and execution of the 1982 summer campaign.

What this indicates is that while business can play a vital role in stimulating job placements and youth employment, it cannot do the job alone any more than government or the voluntary sector can. Collaboration and coordination of limited resources is essential if we hope to address the problems of youth effectively.

While business can play a vital role in stimulating job placements and youth employment, it cannot do the job alone any more than government or the voluntary sector can.

Large companies are solicited for slots by mailings and telephone follow-ups. The annual sponsoring corporation promotes the program to small businesses in the neighborhoods of New York through its own marketing apparatus. The City Department of Education also organizes job pledges (7,000 in 1982), which it contributes to the Partnership Program. Finally, the Private Industry Council sponsors a certain number of job placements through its own apparatus which become part of the Partnership effort.

A careful evaluation of the 1981 program demonstrates that participating employers were generally sat-

nial program is automation of the matching process between registrants and job pledges.

Prospects

Plans for the Partnership's 1983 Summer Jobs for Youth campaign are already far advanced and a basic commitment has been made to continue the program over the indefinite future. The prime direction for future evolution appears to be one of ever closer collaboration and coordination with government and non-profit organizations.

Development Duet

by
Nelson Rosenbaum

Public-Private Partnership in American Cities. Edited by Scott Fosler and Renee Berger (Lexington, MA: Lexington Books, 1982); 363 pp.; \$24.95, cloth; \$12.50, paper.

This volume of edited essays, sponsored by the Committee on Economic Development, examines public-private partnerships in seven American cities: Chicago, Pittsburgh, Baltimore, Minneapolis/St. Paul, Portland, Atlanta, and Dallas. The cities were selected as "success stories" of sustained working relationships between the public and private sectors. While the volume's stated objective is to examine public-private interaction across a wide range of problems—economic stagnation, malfunctioning public services, neighborhood deterioration, etc.—the essays focus principally upon downtown revitalization and real estate development. This focus is hardly surprising since most public-private cooperation over the past two decades has occurred in this arena.

The essays follow a common format established by the editors. Each author initially analyzes the local context of partnership efforts: the historical development of the city, its demographic composition, its economic base and changing economic character, its political system and government structure, and its

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network of civic organizations. This background is then used as the basis for a narrative summary of three or four major projects, which illustrate partnerships in action. The list of projects examined includes many of the best known and most successful urban redevelopment projects of the last two decades: Niccolet Mall in Minneapolis, Harbor Place in Baltimore, Pittsburgh's Gateway Center, the Reunion Complex in Dallas.

From the accumulated experience of the seven cities, the editors derive two major findings about "what works and why". First, successful public-private partnerships rest upon a set of "civic foundations", including a positive civic culture that encourages widespread participation in public affairs, a commonly accepted vision of the community's future, an effective group of civic organizations, a network of informal communication among key leaders, and continuity in key aspects of public policy. Second, building public-private partnerships requires "effective leadership". Leadership may come from the public sector, from the private sector, or from both, but some set of individuals and institutions must take the entrepreneurial, initiating role in getting matters off the ground.

Public-private partnerships are rooted in historical circumstances and idiosyncracies of leadership and personality that cannot be engineered.

While these findings may seem obvious, they do point to an important conclusion that is not drawn out by the editors: public-private partnerships are not easily replicable from city to city. Rather, they are rooted in historical circumstances and idiosyncracies of leadership and personality that cannot be engineered by any explicit policy changes. In their essay on Chicago,

for example, Pastora Cafferty and William McCready highlight the importance of the physical and social proximity of the business community operating in the Loop and the particular political style and approach of Mayor Richard Daley. Neither of these factors is easily replicable. In Minneapolis/St. Paul, according to John Brandl and Ronnie Brooks, a particular ethos of business responsibility for the community has pervaded the metropolitan area for many decades has been passed on to succeeding generations of business executives through a carefully-nurtured set of institutions and processes. While other cities might wish to emulate the Twin Cities, there is no simple formula or action through which such an ethos can be created.

This is not to say that the seven cities studied are unique in their ability to generate public-private partnerships. Many other cities have accomplished revitalization of their downtown business districts through the creative leveraging of public and private resources. Yet the case study cities do seem to benefit from an unusually strong set of circumstances which facilitate sustained partnership efforts. Other jurisdictions can certainly admire

these cities, but they cannot necessarily aspire to be like them.

One problem with this volume is that it may confuse rather than clarify the concept of public-private partnership. Many of the projects examined hardly seem to fall within the category of partnership, in the sense that the partners share the risks and rewards of a particular course of action. In Baltimore, for

example, the development of Charles Center was almost entirely a privately planned and supported venture. While the City of Baltimore cooperated with supportive zoning changes and infrastructure improvements, characterizing the Charles Center redevelopment as a partnership seems to be stretching the concept. Similar conceptual ambiguity attends another of the Baltimore projects—the development of Coldspring Newtown. This project was planned by the city and financed almost entirely from public sources, including city revenues, HUD grants, EDA loans, and tax-exempt mortgage-bond financing. The developer of the project was brought in on a strictly-defined contractual basis as builder and general contractor, with profits and fees carefully specified. When the construction costs ballooned, the city took the loss. Again, it seems to stretch the conventional meaning of the term to call Coldspring a public-private partnership.

ter development, the city explicitly sought a certain number of jobs for minority residents in the Harbor Place project. This type of complex, mutually-rewarding project that neither the public nor private sectors can pull off alone represents the cutting edge of the partnership approach.

One of the significant issues that arose in the development of Harbor Place as well as in many of the other projects examined in this volume is how to bring citizen participation and neighborhood involvement into the partnership process. The operation of city government has changed dramatically since the 1950s and 1960s. No longer can the top leaders of city government commit the jurisdiction authoritatively without consulting the citizenry and involving neighborhood residents in the planning and negotiating process. This challenge has been handled with differing degrees of success in the seven case study cities. In Portland and Minneapolis/St. Paul, for example,

fail to highlight and draw out the significance of the different approaches taken to resolving this issue.

Despite its conceptual ambiguity and its failure to come to grips squarely with the question of replicability from city to city, this volume is a useful catalogue of major public-private revitalization efforts in American cities. There are a wealth of practical lessons to be learned from careful examination of each case study essay. The inexperienced "civic entrepreneur" will certainly wish to proceed with caution after absorbing this material. The volume also contains a good deal of political insight and personality portraiture that makes for lively reading. In sum, the book will occupy a significant place on the short list of volumes concerned with public-private partnerships in America.

Corporate-Community Consensus

by Richard Rich

Partners by Ranae Hanson and John McNamara (Minneapolis: The Dayton Hudson Foundation, 1981), 218 pp., \$15.00 paper.

Partners examines public-private neighborhood revitalization efforts from the perspective of the community. The book is presented as a practical "how-to-do-it" description of public-private partnerships, but it contains a strong dose of "cheerleading" as well. There is a good deal of philosophy and rhetoric designed to persuade the reluctant or skeptical community member that neigh-

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One of the significant issues is how to bring citizen participation and neighborhood involvement into the partnership process.

By contrast, perhaps the best example of a true public-private partnership is also found in Baltimore: the Harbor Place/Inner Harbor project. Here, public and private funds in substantial amounts are mingled in the same project and both public and private sectors stand to gain directly from the project. For example, in contrast to its passive posture in the Charles Cen-

ter development, the city explicitly sought a certain number of jobs for minority residents in the Harbor Place project. Here, public and private funds in substantial amounts are mingled in the same project and both public and private sectors stand to gain directly from the project. For example, in contrast to its passive posture in the Charles Cen-

neighborhood revitalization is possible through the cooperation of private firms, neighborhood organizations, and local government. It is written to be read by anyone interested in community development, but seems especially aimed at leaders and activists in neighborhood organizations which have not yet embarked on serious development efforts.

Funded by the Dayton-Hudson Foundation, this large and handsome book seeks to educate readers in the basics of public-private partnerships. While examples are drawn from all over the U.S., the primary vehicle for presenting these principles is an extended and detailed case study of the partnership among the Dayton-Hudson Corporation, the City of Minneapolis, and the Whittier Neighborhood Alliance. The authors move smoothly back and forth between general rules and the specifics of the case study. The Whittier story is told in a historical fashion which enables readers to visualize the transformation of the neighborhood. The readability of the book is enhanced by an extensive array of topical photos (many from the Minneapolis area), planning maps, and colorful and functional graphics.

rehabilitating the housing stock, and mounting effective evaluations of the organization and its projects.

Within each of these larger topics there are discussions of subjects likely to be of great interest to neighborhood activists. There are, for example, informative treatments of community crime prevention, the structural relationships among staff and board members, and strategies for promoting housing renovation. Most sections include some highly concrete recommendations, check lists of items to be concerned with, decision rules, and transferable tools like sample forms used in resident surveys and housing stock assessments.

This broad coverage is made even more useful by the nearly flawless organization of the book. Information is presented in a step-by-step fashion allowing neighborhood associations at all stages of development to take from it only that which they most need. Activists might expect to return to the book again and again as their organization undertakes new projects or moves to new stages of development.

In many ways, *Partners* is two books in one, a general guide to public-private partnerships, and a re-

apolis case can read only the more general discussions. Yet, the case study is there to provide concrete illustrations of the principles presented in the more abstract chapters.

For all these positive features, *Partners* is not without its flaws and limitations. First, if breadth is its chief strength, its principal weakness is the mirror image of that breadth: superficiality. The book is not an *analysis* of partnership as a strategy for neighborhood development, but an *argument* for it. Thus, the authors make no serious attempt to evaluate the impact of the partnership arrangement on the neighborhood organization or the course of development in the neighborhood. There is little or no consideration of alternatives to the partnership approach, or of opportunities foregone in order to take that approach. There is no analysis of who benefited and who lost from the actions of the partnership, and no critical assessment of whose interests were served in the redevelopment process.

The Whittier/Dayton-Hudson/Minneapolis partnership may well have been a generally positive experience for all concerned, and there may be good reasons to expect elements of that experience to be reproduced in other communities. There are, however, also reasons to doubt that the Whittier experience can be duplicated elsewhere. Not only are there questions about the uniqueness of the Whittier neighborhood and the political culture of the Twin Cities region where business has long displayed a strong civic conscience, but, far more importantly, there is the crucial point that the Dayton-Hudson Corporation, not the neighborhood, initiated the partnership.

Dayton-Hudson manifested an enlightened attitude toward its relationship with the community, and

Dayton-Hudson believed from the start that there were benefits to be gained by the corporation in supporting neighborhood revitalization.

The major strength of the book is in its comprehensiveness. Every major issue likely to confront a neighborhood seeking to stimulate and manage revitalization is addressed. Principal topics include how to form and structure a neighborhood organization, how to establish a working partnership, planning for neighborhood revitalization, providing human services, stimulating economic development,

port on the Whittier experience. Each section is divided into two parts; one general and one on Whittier. There is, for example, a chapter on the neighborhood planning process or housing rehabilitation followed by a chapter on how the Whittier neighborhood developed its plan or sought to revitalize its housing stock. The advantage to this is that those readers who do not want to follow the details of the Minne-

believed from the outset that there were benefits to be gained by the corporation in supporting neighborhood revitalization. Indeed, there was even a moral conviction that the firm had a moral responsibility to invest in its community. Moreover, it was apparently willing to trust the neighborhood association to make almost all decisions about the direction the development process was to take.

leaders are thus likely to encounter more difficulty in both establishing and maintaining partnerships with business than this book leads them to anticipate, and will probably find it necessary to orchestrate small grants from many firms to forge a partnership at all, and to avoid excessive dependence on a single benefactor.

Similarly, the cooperation which Whittier enjoyed from the city gov-

oping the level of formal structure and the capacity for planning and project implementation described by the authors requires a massive investment of time, energy, and money. Many community groups are simply unable to mobilize this kind of commitment from local residents.

Second, becoming bureaucratized in order to deal with business and government is directly contrary to the widespread Alinsky approach to community organization. This school of organizing holds that neighborhoods (especially low income and minority neighborhoods) obtain whatever measure of power they have by remaining formally unorganized and unpredictable while building a strong social network to support direct action. To community organizers of this school, partnership means that community people must accept government's and businesses' definition of neighborhood problems. This can prevent local organizations from addressing the root causes of decline and disinvestment. Obviously, *Partners* will be of little utility to organizations that take this perspective.

Despite these limitations, *Partners* is an important contribution to the bookshelf of any neighborhood organization or any business leader or public official seeking to enter into relations with such organizations. Even those organizations which cannot emulate the model of a highly developed neighborhood association set out in the book can benefit from specific advice contained in it. If the purpose of *Partners* is to stimulate creative thinking about solving neighborhood problems through the illustration of creative organizational approaches, it is well suited to that purpose. In fact, perhaps its greatest contribution is in dispelling the image many hold of neighborhood revitalization as limited to planting flowers and

The neighborhood must become an institution if it is to enter a successful partnership.

Few neighborhood groups are likely to be in this fortunate position. They are more likely to find it necessary to convince businesses of the wisdom of strong support for community development. The authors of *Partners* make the case for business involvement in their first chapter, and there clearly are benefits for firms in helping their communities. These benefits, however, are very diffuse and often symbolic. Whether they are realized at all depends on the success of a very delicate and complex neighborhood revitalization process, and the "pay back period" for corporate investments in community development is, even under the best conditions, quite lengthy.

Corporate officers are thus likely to regard support for neighborhood improvements as more a philanthropic activity than a sound investment. Where they can be persuaded to join because of anticipated benefits to the company (rather than out of a perceived moral responsibility of the firm to the community), they may wish to exercise a good deal of control over how their funds are used in order to insure the efficacy of their investment. Neighborhood

ernment was probably largely leveraged by Dayton-Hudson's strong support, and facilitated by Minneapolis' commitment to the neighborhood concept. Other community groups may well encounter more hostile and hard-pressed city governments.

A final limitation of the book is that the approach it suggests is inappropriate for many neighborhoods. It demands more than many are ready for or willing to undertake. Throughout the book a major theme is that the neighborhood must become an institution if it is to enter into a successful partnership. Businesses and governments must be able to deal with some entity which speaks for the neighborhood, can commit it to a course of action, and can be held accountable for funds and legal obligations. The community thus needs a stable, rationally structured organization with substantial popular support and administrative capacity.

This is obviously a sound conclusion, and I would agree that those neighborhoods which become institutionalized will accomplish a great deal more than those that do not. There are, however, two countervailing considerations. First, devel-

picking up trash. *Partners* shows that neighborhood associations, working with business and government, can mount sophisticated attacks on basic social and economic problems through complex legal, financial, and social arrangements. It may not provide a blueprint for every community, but it certainly offers an inspiration for the formation of community partnerships in many areas.

The philosophical essay in this volume is by William Schambra, who addresses the obvious question for private initiatives: how can social obligation be nurtured in

neighborhood organizations argues that mediating structures, or indigenous social arrangements, are more effective agents of social welfare than the "New Class" of profes-

Our American beginnings were as much filled with Biblical sources of obligation to the poor as they were with the creed of self-interest.

Who Needs Government?

by
Milton Kotler

Meeting Human Needs. Edited by Jack A. Meyer, (Washington, D.C., American Enterprise Institute, 1982), 469 pp., \$13.95 paper.

Jack Meyer introduces this volume of essays with the careful disclaimer that private sector initiatives are not a compensatory fund for lost federal dollars. Nor, he maintains, is it an article of faith that the private sector can outperform government in every aspect of public service and development. Instead, he stakes out the "sober mission of highlighting the potential of private sector approaches to social problems". To examine this theme in a number of fields, the American Enterprise Institute summoned an impressive collegium of social analysts.

America when American life is rooted in a tradition of self-interest. Social obligation has to struggle against this basic tendency.

Schambra argues that the liberal approach of building social obligation upon a sense of national community which transcends narrow self-interest, has collapsed after fifty years. President Reagan is attempting to reconstruct social obligation upon another ground—voluntary action and local community. He walks in the shoes of Alexis De-Toqueville. The President's program of private sector initiatives is an attempt to stimulate social obligation upon this ground.

But what fuels voluntarism as a basis of obligation? Our American beginnings were as much filled with Biblical sources of obligation to the poor as they were with the creed of self-interest. In fact, those same Biblical sources implanted obligation in the liberal vision of national community. Never once does Schambra analyze the contemporary religious basis for voluntarism and social obligation. However weak that tradition may be in modern times, lacking a genuine Biblical passion for the poor, the proposed alternative has little chance of success.

Robert Woodson's essay on

sionals and experts which has grown since the New Deal. According to Woodson, changing emphasis from government financed professional agencies to private non-profit neighborhood initiatives would result in vastly improved services. But who would finance these services? Without some degree of government support it is not clear what neighborhood organizations could accomplish. Woodson offers no new lode of private sector funding to neighborhood groups.

Woodson suggests that neighborhood organizations can meet community needs if government will remove "barriers" to service and development. Granted that zoning barriers are often a needless hindrance to starting a day care center, it still takes money to operate the facility. How can women pay \$2 an hour for day care when they are earning \$3.20 an hour before taxes? Nor does it contribute to a serious discussion of community economic development to suggest that the lack of access to capital and credit is a "barrier" imposed by government. What law could be removed that would result in a new gush of capital and credit to poor communities? Poor communities need positive public and private sector intervention to insure that credit and capital

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go there. Indeed, that is the core idea of the community partnerships concept that the President's Task Force on Private Sector Initiatives is advocating.

The debate over the relative merits of "New Class" professionalism vis a vis neighborhood voluntarism is a useful framework for discussion, but Woodson confuses the issue by assuming that neighborhood organizations neither need nor welcome outside financial support.

A related article on community economic development by Paul Pryde offers a number of sensible suggestions for economic growth in distressed cities. He draws on David Birch's work on the relation of small business to employment growth to stress the importance of assisting new firms with tax incentives such as allowing investments in new firms to be written off by investors in the year the investment is made, deferring capital gains taxes on such investments so long as proceeds are reinvested in similar firms, and targeting industrial bonds to specific areas. He also wisely advises that the development process must be a managed operation.

The problem in Pryde's argument is his failure to focus on the only unit of government that has a real incentive for community development. That unit is the distressed city. Community development must rest on the active public entrepreneurship of city government, working in constructive partnerships with business. UDAG is a concrete example. That kind of public-private partnership has to be amplified and encouraged. It is not enough to simply enact tax incentive for central city investment.

There are many other contributions in this massive volume covering private sector initiatives in such familiar areas as transportation, housing and education as well as some less familiar areas such as

health cost containment. The basic theme running through most of the essays is the same as that in the chapters by Woodson and Pryde: our society would be far better off if government left the fulfillment of pharmaceutical development and social needs to private mediating structures. While the evidence presented to support this proposition is certainly not overwhelming, the thesis is at least worthy of serious debate.

Meeting Human Needs reflects a profound distrust of the role of government, extending not only to the federal government, but to state and local government as well. The volume thus forms a challenging counterpoint to the concept of community partnerships in which state and local governments play a prominent, active role. Those who wish to consider the future of our society in terms of a highly-restricted government role, will find this volume a valuable source of ideas.

The Limits of Charity

by
Dick Kirschten

Corporate Philanthropy (Washington, D.C.: The Council on Foundations, 1982) 160 pp., \$12 paper.

In the brief but euphoric interim between passage of the Economic Recovery Tax Act of 1981 and the

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Tax Equity and Fiscal Responsibility Act of 1982, much talk emanated from the Reagan White House about the prospect of grateful corporations plowing portions of their new tax savings into benevolent and altruistic purposes.

James S. Rosebush, then a presidential assistant in charge of private sector initiatives, said in a September 1981 interview, that the business community, in effect, was on notice to demonstrate a new surge of public spiritedness. "The tax provisions are well known," said Rosebush. "The people will be watching to see if it means more jobs or safer and more sound communities. We won't point out the bad performances, but I think the American people will."

A year later, Rosebush has moved on to head the first lady's staff and Reagan has won passage of new tax legislation imposing some \$48.6 billion in new business taxes over the next three years—wiping out more than half the tax savings conferred upon the business community the previous year.

In the wake of Reagan's second tax measure, speculation about the future of corporate philanthropy is likely to become considerably more guarded and realistic. A timely guide for sober assessment of the challenges and limitations facing business givers has been provided by the Washington-based Council on Foundations in its June, 1982 report, *Corporate Philanthropy*.

The report is useful in providing an independent perspective on social responsibility, as viewed from the executive suite or the corporate boardroom. It helps to separate the issue from the ups and downs of the "Reaganomics" program. The report makes clear that corporate philanthropy is neither a by-product of supply side tax cuts nor a panacea for David Stockman budget cuts.

Long before White House image makers thought of creating an office

of private sector initiatives, enlightened self-interest had drawn an increasing number of business concerns into the field of charitable good works. In one of some three dozen essays in the Council's report, Exxon Corp. chairman Clifton C. Garvin, Jr. points out that "contributions by U.S. businesses and corporations are the fastest growing segment of private philanthropy. Since 1970, annual giving by U.S. corporations has increased 220 per cent. . . . Indeed, since 1979 corporate contributions have exceeded those of foundations for the first time since the 1950s."

own and foreign governments responsibly, and acts in the public sector responsibly."

By no means the least of the corporation's charitable contributions is the influence it does or does not exert over the activities of its employees. Ira S. Hirschfield, executive director of the Levi-Strauss Foundation, discusses company programs designed to engage workers in community volunteer programs as well as incentives to increase cash contributions by employees. Hirschfield stresses the importance of strengthening "social networks and employees' awareness

Avoy raises a point that is likely to trouble many corporate executives.

"Corporations should not do what is better done by the political system," he writes. "The corporation is structured. . . to maximize the return on investment to shareholders. It is undemocratic in its decision-making and legally protected from most judicial second-guessing of its business judgment. . . . Any attempt to democratize the corporation would undermine its pursuit of economic objectives."

Among those who dispute MacAvoy's argument as shortsighted is James F. Bere, chairman and chief executive officer of Borg-Warner Corp. Bere writes, "As businessmen, we understand that corporations and society are tightly interwoven. Unless we intensify our long-term social efforts, our own viability may be threatened." And, rather than fearing democratization of the corporate decision-making process, Bere advocates it.

The Borg-Warner official argues that corporate philanthropy must be expanded beyond the "old boy network" that used to concentrate gifts among "a relatively few outlets—schools, museums, symphonies, hospitals." He calls for "risk-taking" in the dispensation of corporate gifts in order to foster change and innovation. He argues that it is important to support newer organizations that often have difficulty gaining membership in traditional distribution networks such as the United Way.

"Executives are uncomfortable with social service risk-taking," Bere writes. "They avoid innovative or dramatic approaches, choosing instead to contribute to established causes. That's a mistake."

C. William Verity, the former Armco, Inc., chief executive, who now heads President Reagan's task force on private sector initiatives, challenges business leaders to

By no means the least of the corporation's charitable contributions is the influence it does or does not exert over the activities of its employees.

Despite that healthy rate of growth, the report points out that only one-fourth of the nation's corporations engage in charitable giving. It also points out that business giving—\$2.7 billion in 1980 (and \$3 billion in 1981)—amounts to only 5.6 per cent of total charitable contributions, the vastest portion (nearly 85 per cent) of which comes from individuals.

However, as Council of Foundations president James A. Joseph notes in his forward to the report, counting the cash receipts is too narrow a view of the corporate sector's contribution to the well-being of the community. "Corporate philanthropy," writes Joseph, "is only one kind of initiative from the private sector that can help alleviate social problems, extend social benefits, and contribute to desirable social change. A responsible corporation is one that locates a site responsibly, produces goods or delivers services responsibly, sets prices responsibly, deals with local communities and its

of community concerns." He makes a strong argument for involving employees in corporate decisions as to which charitable causes to support.

Hirschfield and other contributors to the report touch upon the sensitive issue of accountability for the difficult choices that must be made among various claimants for both corporate contributions and the individual contributions that are made through company charity campaigns. Hirschfield also notes that some companies promote individual giving among their workers by providing matching gifts.

The question of the corporation's accountability for the disposition of philanthropic largesse is identified as a red flag issue by Yale University economist Paul W. MacAvoy who writes in the report that corporations "should only pursue those social objectives that are consistent with long-term profit goals." Although his is a minority view among the report's various essayists, Mac-

broaden the philanthropic decision-making process by joining in community partnerships that include "leaders of religious, neighborhood, and civic groups, labor unions, volunteer and educational organizations, as well as leaders from government."

Throughout the report, one senses an underlying theme of apprehension that more is suddenly being expected of the business community in the way of charitable good works than can possibly be delivered. As Bere puts it, "reports indi-

cate that federal budget cuts from social programs will total \$131 billion over the next three years. . . . Some estimates indicate that a 50-fold increase in corporate donations would be needed to fill the gap, and that's just not possible."

But whether "the gap" can be filled or not, the consensus among contributors to the report is that the business community will be well advised to do the very best that it can and to put more thought and effort into getting the most out of those investments it is able to make in the

philanthropic area.

William D. Ruckelshaus, senior vice president of the Weyerhaeuser Co., wrote somewhat presciently prior to this year's tax legislation that failure on the part of business to help fill unmet social needs could be costly. "We may not only lose the new-found tax and regulatory incentives needed for prosperity, but also face a national environment far more hostile to the success of free enterprise."

Local Government and Community Partnerships

by

Thomas J. Chmura

Private sector initiatives, voluntarism, corporate social responsibility, and public/private partnerships are the new buzz words of the 1980s, as responsibility for meeting many community needs shifts from federal to local governments and public to private sectors. However, one of these terms—public/private partnership—is qualitatively different from the others. For some people, there seems to be a simplistic belief that the private sector will, on its own, simply step in to assume substantially more responsibility for solving social problems. What is significant about the concept of partnership, however, is the recognition that there is an essential and continuing role for government in promoting and facilitating private sector involvement in community problem-solving. It implies an understanding that private initiative does not simply “just happen” and that private resources alone cannot solve every community problem. Only by linking reforms in public policy with the considerable resources and talents of the private sector can new, more effective community problem-solving approaches be developed.

Over the past three years, the Public Policy Center at SRI International has undertaken a number of studies pertaining to public/private partnerships (Chmura, 1982; Grindley, 1980; Hentzell, et al., 1980; Waldhorn, et al., 1981). The project is aimed at developing an understanding of how local government and business can develop collaborative approaches to community problem-solving.

The thrust of this work is to document, analyze and synthesize information about the process and factors involved in developing local partnerships. The study primarily focuses on acquiring information from local practitioners through extensive field work. Over 25 local communities were visited, dozens of local business and government leaders were interviewed, and over 100 examples of partnerships were studied. In addition, first-hand experience was gained in 6 communities (Macon, San Antonio, Tacoma, Toledo, Buffalo, and Worcester) where SRI and the Conference Board provided technical assistance to help bring

together local government and business for the purpose of fostering new public/private ventures. Through this set of diverse activities, a number of important insights about the process and factors involved in building local partnerships have been gained, particularly regarding the changing role of local governments.

What is the appropriate local government role in encouraging greater private sector involvement? Under what conditions can local partnerships develop and prosper? What kind of problems can be addressed effectively by partnerships? These are the issues that are addressed in this article.

The Challenge for Local Officials

Even before the Reagan administration took office, local governments began to recognize important shifts in public attitude about the appropriate role of government in community problem-solving. After decades of public sector growth, strong concern about the size, cost and effectiveness of many government-funded programs was evident. Large-scale public bureaucracies are seen as increasingly unresponsive, and many public service programs are viewed as ineffective. Critics charge that some public programs actually discourage private sector and individual initiative.

At the same time, however, there are clearly many social needs to be met. Public opinion polls suggest continuing citizen concern about protecting the environment, assisting the truly needy, promoting sound community development and stimulating job creation. This puts the local official in a difficult position: how does one meet continuing social needs with constrained public budgets and citizen resistance to new public programs?

Most officials enter “public service” to do what the job title implies—deliver public services. Most entered their profession during a period of dramatic public sector growth.

Now, quite clearly, the challenge is different. In the past, when a community problem arose, the standard question was: What kind of program, publicly-funded and publicly-administered, do we develop to solve the

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problem? Now and in the future, the question has become: how can government help to bring the full range of resources (public and private, fiscal and non-fiscal) into the problem-solving process?

The role of local officials is thus changing from that of direct service provider to that of convener, catalyst, and mobilizer of community resources. Accepting responsibility for a problem no longer necessarily means developing a government program to address it.

Building Partnerships

Public/private partnerships are not new. Most communities can cite individual examples of collaboration between government and business dating back for decades. What is new at this time, when public budgets are being cut and the role of government is being reconsidered, is the need for more concerted and systematic development of public/private partnerships in a wider variety of areas.

Public/private partnerships may be defined as concerted activities jointly undertaken by government and business to solve community problems in a way that yields benefits to both the firm(s) and the community at large. Analysis of numerous examples across the country suggests that there are several important factors which condition the prospects for building partnerships.

Local Context

Every community is different, and several aspects of a community's local context affect the kind of public/private partnerships that can take place there.

The degree of trust between business and government clearly affects what kinds of partnerships are possible. In Cleveland, a few years back, antagonism between the two sectors seriously constrained opportunities for significant new partnerships. In such a case, it might be necessary to start with modest efforts and build a record of success before embarking on major new initiatives. In Saint Paul, however, where there is a strong history of collaboration, more substantive efforts may be possible. Social and economic conditions also determine the kinds of opportunities on which partnerships may be focused. A weak economy and limited corporate profits, for example, clearly can inhibit new private initiatives in employment and training programs.

Attitudes Toward Social Responsibility

Government and business are different. They exist for different purposes. They attract different kinds of people who have different values, motivations, and measures of success. Each side has its own culture, lan-

guage, and way of looking at the world.

Both parties are often guilty of stereotyping the other and being insensitive to the constraints under which each operates. Some in government tend to see business as small-minded, greedy, and lacking in concern for the public interest. Many in business view government people as bureaucratic, meddlesome, inconsistent, would be do-gooders. Government typically sees the public interest responsibility of business as extending beyond everyday production and operations activities. Business usually believes that the goods and services it produces are its most important contribution to the public interest.

Attitudes about "corporate social responsibility" will vary from business to business and community to community. Yet government must recognize that, whatever the corporation's attitude, there are real limits to corporate philanthropy and to activities that are seen as "charity". Partnerships find a much firmer footing in activities that relate to businesses' direct self-interest.

For example, many firms are coming to realize that inadequate public education and public infrastructure systems affect their operating costs, that local housing and transit problems create upward pressure on wages, and that low quality of life precipitates employment turnover at middle and upper management levels. To the extent that certain local problems are not resolved, the costs and difficulties of doing business in a community will increase. The lesson to local officials is clear: partnerships work best when the business community is approached on the basis of mutual self-interest rather than charity or abstract notions of "social responsibility".

Availability of Private Sector Resources

Research suggests that partnerships work best when private sector resource contributions are broadly conceived and flexibly utilized.

There is a wide range of private sector resources that creative and entrepreneurial local officials can tap for community problem-solving. Different problem areas will require the packaging of different kinds of corporate resources (e.g., the city payroll department might borrow a corporate executive, while the neighborhood development program may seek corporate investments in a housing rehabilitation fund).

Cash donations made by private firms have often been seen as the principal corporate resource for partnerships. Philanthropy is usually a highly visible activity. However, it would be a mistake for local officials to over-emphasize the value of philanthropy. Even the most optimistic projections of increased corporate giving represent only a small fraction of recent reductions in federal aid. Clearly, other private resources need to be tapped as well.

Corporations take in and pay out huge amounts of cash on a continual basis. Their financial holdings can be used in ways that help meet community needs. They can decide for example, to deposit some of their cash in local or minority-owned banks as a means of supporting the local economy. Corporate operational decisions concerning hiring, employee benefits, purchasing of goods and services, and facility locations also affect the local community in which it is located. Special efforts to hire minority youth, develop training programs for the handicapped, and implement flexible work schedules represent some of the ways that corporations can help meet human needs in the community and reduce the burden on public agencies. Corporations can also donate or lend resources on an in-kind basis. Managers and technical specialists can be loaned to city agencies to apply their business skills in areas like cash management or scheduling. Corporate equipment (e.g., trucks, tools), facilities (e.g., cafeterias, meeting rooms) and services (e.g., computer software, mailroom services) can also be made available for community activities at little or no cost to the firm if the timing and use are carefully thought out. Finally, individual firms or groups of firms can use their prestige (call it "clout") to help address community problems. For example, a chief executive active in community affairs might encourage other firms to get involved in local problem-solving efforts.

The Work of Facilitators

It is no accident that some of the more successful and long-lasting partnerships have been linked to an organizational vehicle or process that goes beyond any individual corporation or local government.

As local governments strive to develop more concerted partnerships with the private sector on a wider range of issues, it will be increasingly important to move beyond current ad hoc and informal arrangements to some kind of structured negotiation process. The need is for a facilitating mechanism that can bring both parties together in order to develop specific partnerships. There are a variety of organizational options that appear to work, such as: (1) Business civic committees (e.g., the corporate-sponsored Bay Area Council in the San Francisco area); (2) Public/private forums (e.g., the Citizens League in Minneapolis/St. Paul); and (3) Local foundations (e.g., the Mott Foundation in Flint).

There is, of course, no one "right" vehicle that a community should use for public/private partnerships. In a few cases, the appropriate vehicle(s) may already be in place. In others, an existing organization like the Chamber of Commerce or a community foundation might be able to play the appropriate role in stimulating, developing or implementing a partnership. However, it is likely that in many places there will

be a need to "invent" new kinds of organizations or processes to take advantage of the potential of partnership approaches to community problem-solving.

Areas of Opportunity

Evidence from the field suggests that partnerships work best when they are focused on specific community problems that both government and business see as important and where both have an interest in seeing that the problem is resolved. Areas of particular opportunity are economic development and job creation, community development and housing, education and training, human development, and public services and facilities.

In economic development, the withdrawal of federal assistance and the increased recognition of the impact of local policies on private firms suggest the need for more collaborative arrangements. Thus, in Phoenix, large corporations are working with the city government-sponsored Business Development Center to provide management and technical assistance to minority-owned small businesses.

In community development, new understandings about the roles of realtors, lending institutions and other private actors are encouraging partnership. In Pittsburgh, Neighborhood Housing Services brings banks, local government and neighborhood residents together to stabilize inner-city communities.

The failure of public manpower programs not linked to private employment opportunities shows the importance of partnerships in training and education. Thus, in Washington, D.C., five major corporations are working with the D.C. school district to develop new "career high schools" in computer sciences, engineering, communications, hotel management and finance.

The realization that publicly financed social service programs cannot meet all human needs has encouraged new approaches in this area as well. Efforts such as the continuation of legal aid in Montgomery County, Maryland through a partnership between the County Bar Association and the county government respond to these realities.

Lastly, local spending and tax limitations make clear the necessity of privatization of some public services and facilities. The development of a wide range of private sector options to municipal services by the Citizens' League in Minneapolis/St. Paul is an example of this approach.

Conclusions

The key message of this article is that partnerships don't just happen. Rather, leadership is required. In the headquarters cities like Pittsburgh, or in special

places like Minneapolis/St. Paul, the business community may provide that leadership. In many other communities, local governments will need to take a more active leadership role.

Local officials in the 1980s will need to be more aggressive and entrepreneurial in developing partnerships, moving away from their traditional role of direct service provider to a new role as mobilizer of public and private resources for community problem-solving. Specifically, local government leaders will need to:

- Take the lead in reaching out to other sectors in the community to organize concerted, problem-solving efforts with business and community-based interests.
- Review local laws, regulations and policies to determine how they might be changed so as to provide greater incentives for, or remove barriers to, private sector involvement.
- Work with other sectors to develop new intermediary mechanisms for partnership development.

The opportunities for moving local communities toward new, more effective kinds of problem-solving have never been greater—or more needed—than they are now. Effectively moving in this direction will not fill the “gap” left from budget cutbacks or bring about instantaneous solutions to long-standing community problems, but it will help assure that a community is making the best use of the full range of its resources

—public and private, fiscal and non-fiscal—to address its problems. In light of very real and continuing budget constraints at all levels of government, new kinds of problem-solving partnerships with the private sector would seem to be the best hope for communities in the years ahead.

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Partnerships in Community Service

by
Milton Kotler

As a result of funding cutbacks, local government is seeking alternative means of service delivery that are less costly than traditional governmental administration. One method that is emerging is the establishment of community partnerships with neighborhood organizations that are capable of delivering public services. From the city side, partnerships are attractive because they produce more service out of the same, or fewer, dollars. From the neighborhood perspective, community partnerships promise better service delivery and a steady source of annual revenue for local organizations.

This article reports briefly on the findings of research and consultation by the Center for Responsive Governance on community service partnerships in fifteen cities (see Kotler, 1981; Kotler, 1982). We first describe the various types of partnerships that have emerged over the past few years, and illustrate these types with case studies from selected cities. This analysis is followed by a discussion of some of the generic issues and obstacles that arise in the development of community service partnerships. Finally, we present a set of prescriptions for encouraging further expansion of the partnership approach.

The Emergence of Partnerships

The involvement of neighborhood organizations in the planning and delivery of community services is not new. Over the last twenty years of change in municipal administration, citizen participation in budgeting and planning has evolved into a highly institutionalized form. For example, some twenty cities across the country now operate elaborate, formal neighborhood council systems through which the views of neighborhood residents are sought on issues of service distribution (Rosenbaum, 1981; Rosenbaum and Rich, 1982).

Within the last decade, largely under the aegis of federally sponsored programs, neighborhood groups have also moved into the actual delivery of services. With federal encouragement and support, cities that

received money from Community Development Block Grants, Title XX Social Service grants, Law Enforcement Assistance Grants, CETA grants, and so on were encouraged to utilize neighborhood groups as contractors for direct delivery of services. By the late 1970s, many neighborhood organizations had built a strong track record of practical experience in carrying out service delivery contracts within these programs.

City governments are increasingly forced to look for economies in service delivery.

Throughout the 1970s, however, there were almost no neighborhood service contracts drawn directly from municipal revenues for mainline city service functions such as trash collection, public safety, park maintenance, recreation, etc. Urban jurisdictions reserved internally-generated revenues for their own direct service operations while transferring some portion of federal grant funds to neighborhood groups. Within the last few years, this perspective has changed. As federal grants are cut, capped, and blocked, local revenues can no longer be reserved for traditional service delivery. Instead, city governments are increasingly forced to look for economies in service delivery that can loosen up funds for other areas previously supported by federal funds. Thus, community service partnerships for mainline public services have begun to form. These partnerships are based on the management capability and performance record established by neighborhood groups during the previous period of citizen participation in planning and federally funded service delivery, but they are moving into areas once reserved exclusively for traditional municipal administration.

To date, the formation of community service partnerships is heavily concentrated in the areas of environmental services, public works, and facility management. This is not surprising because these are also the prime areas in which cities are experimenting with the "privatization" of city services to profit-making con-

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tractors. Indeed, community service partnerships with neighborhood organizations can be viewed as one aspect of the larger movement toward increased competition and diversity in municipal service delivery mechanisms. Some of the specific service functions involved in community partnerships which either already exist or are in the process of being formed are noted in Figure 1.

Figure 1

Environmental Services and Public Works

Cleaning and maintenance of vacant lots and structures.

(New York, NY; Philadelphia, PA)

Street and sidewalk maintenance.

(Kansas City, MO; Louisville, KY)

Park maintenance.

*(Baltimore, MD, Columbus, OH;
San Diego, CA)*

Facility Management

Social service center management.

(Jacksonville, FL)

Alcohol detox center management.

(Multnomah County, OR)

Other Service Areas

Building code inspection.

(Kansas City, MO)

Youth counseling.

(San Diego, CA)

Services to the elderly.

(Essex County, NJ)

While the development of community service partnerships is still in an early stage, it is already evident that different types of partnerships are being utilized from city to city and across different service areas. At least three distinct "partnership models" are in use. The different models vary primarily in the degree of re-

sponsibility for direct service delivery held by each of the partners.

At one end of the spectrum, is the partnership arrangement in which city government retains primary responsibility for the delivery of services, but seeks assistance from neighborhood organizations through part-time employment of neighborhood residents and/or recruitment of neighborhood volunteers. This type of arrangement is the least formal of the partnership approaches. The neighborhood organization is generally asked to locate potential part-time workers and/or volunteers to coordinate their activities. There may or may not be a formal financial relationship between the city and the neighborhood organization. Volunteers and part-time workers are generally assigned the least skilled tasks within a given service area, freeing up full-time public employees for more difficult tasks.

Formation of community partnerships is heavily concentrated in the areas of environmental services, public works, and facility management.

A second approach to partnership organization, involving a greater sharing of service delivery responsibility, may be termed the co-production model. In this approach, city government and neighborhood organizations segment a particular service delivery responsibility into component tasks and then divide the tasks among themselves. Neighborhood groups thus accept independent responsibility for completion of specific jobs on a systematic basis. This model usually involves some assistance by city government to the neighborhood group in the form of training, technical assistance, or financial support. In addition, the neighborhood is usually assigned the easier and less skilled jobs within a particular service function. Nevertheless, the co-production model does represent a significant step in neighborhood responsibility beyond volunteer coordination or recruitment of supplementary employees.

The third approach to the formation of community partnerships transfers prime responsibility for service delivery to the neighborhood organization through performance contracts. City government retains responsibility for monitoring and supervision, but the service function itself is carried out by the neighborhood organization with its own personnel. These contracts may include a cost-sharing element, involving a contribution of volunteer effort or funds by the neighborhood group. This makes the partnership

highly attractive for financially-pressed city governments. Indeed, in some cases, the partnership with neighborhood organizations has evolved through a competitive bidding process, in which the neighborhood group was able to underbid other potential contractors due to its cost-sharing ability. In most cases, however, contracts with neighborhood groups are let under a deliberate city policy of partnership building and the city tries to establish the best possible financial terms in the negotiation process.

Cases

The following are illustrative examples of community service partnerships currently being negotiated or in operation. They are not presented as an exhaustive catalogue of the various approaches to constructing partnerships, but they do incorporate considerable variation.

Jacksonville

The city of Jacksonville, FL has a long history of privatizing a variety of physical and social services. One source of this practice is the tremendous size of Jacksonville. Its vast jurisdictional territory, which exceeds 700 square miles, makes it second only to Anchorage, AK in size. In the past two years, the city's Department of Community Development has worked to transfer the management of social services from a centralized administration to neighborhood-based multi-service centers. As part of this policy, the department is presently negotiating contracts with the Ocean Way Improvement Council and the Robinson's Addition Improvement Association for the management and operation of two such centers, carrying senior citizen, nutritional, recreational, and other programs currently provided by the city.

In most cases, contracts with neighborhood groups are being let under a deliberate city policy of partnership building.

These two neighborhood organizations were selected because of their experience in managing and providing neighborhood-based services and their ability to mobilize volunteers. Other neighborhood organizations will be considered as their management capability improves. Until then, the city will continue to manage services directly in those neighborhoods.

From the city's perspective, there are four objectives in multi-service center transfer to neighborhood groups: (1) to reduce cost; (2) to enhance community

spirit; (3) to augment service delivery through the use of volunteers; and (4) to build citizen self-reliance.

The city hopes that the neighborhoods will eventually be able to provide services with wholly volunteer work forces. This would reduce the transportation costs of public employees to and from the neighborhood centers, and also reduce the number of salaried public employees. The Department will train neighborhood personnel and assist the neighborhoods in assuming service functions.

Multnomah County, Or (Portland)

The Department of Human Services in Multnomah County, OR is pursuing a policy of building service partnerships with qualified neighborhood organizations and community-based agencies. Within the last year, responsibility for managing the county nursing home was transferred by contract to a community-based group. The county also plans to transfer its mental health clinics to neighborhood organizations by July, 1983.

The basic reasons for this policy are: (1) to expand services by merging public expenditures with resources which private, non-profit organizations may generate; (2) to increase the cost effectiveness of public expenditures; (3) to empower the community with service responsibilities, and (4) to reduce the growth of government.

Most recently, Multnomah issued a \$1.07 million contract to the Burnside Consortium to manage an alcohol detoxification center. The contract involves medical supervision and the operation of a sobering station, licensed by the state to detain violators of the state's public inebriation statutes. Public drunkenness has been decriminalized in Oregon, but it remains a misdemeanor. Police and Burnside personnel may place alleged violators in civil hold within Burnside facilities. The contract finances the operation of two Burnside radio-dispatched cars which transport detainees to the civil hold in lieu of police transportation.

Burnside is principally a neighborhood development organization which owns and manages 300 units of housing. The detoxification contract fulfills Burnside's objective to better serve its residents and to attract new revenues for the organization's improved operations. Burnside won this contract in a competitive process. Prior to this contract, the county-run detoxification facility was housed in a building owned and managed by the Consortium.

Baltimore

An interesting approach to co-production as a partnership model is the Baltimore Sparkle Program, which was introduced to the neighborhood organizations of the city early in 1981. Project Sparkle involves, "... a partnership arrangement in which the commu-

nity performs on a self-help principle and city forces complement community efforts to improve community appearance and maintain those improvements which have been identified as needed by community organizations." The program is limited to activities which improve or maintain the appearance of real property, open spaces, public buildings and grounds, commercial establishments and installations, and public thoroughfares or which aid in rat control and eradication.

The program is basically an invitation by the city to neighborhood organizations to identify their service needs in these areas and to divide responsibility with the city for meeting those needs. Negotiated co-production schemes are expressed in written compacts and signed by both neighborhood organizations and the city government.

Negotiated co-production schemes are expressed in written compacts and signed by both neighborhood organization and the city government.

The operation of the Sparkle Program is illustrated by a co-production agreement with the Mayfield Community Organization to clean and maintain the stream in Herring Run Park. The city provided a truck for hauling away numerous truck loads of trash and the neighborhood provided the manpower to clean the streambed. The city has since maintained a follow-up program of stream cleaning. The Mayor's representative in the Harbel Multi-Service Center is authorized to continue further co-production efforts on the stream, as well as handle complaints.

Another co-production agreement covers a city-owned tot lot in the Poinser Hills neighborhood. The neighborhood organization does weekly trash removal, which the city then picks up. The organization also maintains a citizen park watch program to discourage private truckers from dumping garbage in the park, while the city has provided guard rails around the park to prevent dumping. Finally, the neighborhood group periodically spreads wood chips which the city provides.

Baltimore anticipates that at least thirty other neighborhood organizations will participate in the Sparkle Program over the next few years.

Philadelphia

The city government in Philadelphia has initiated a process of establishing formal partnerships with neigh-

borhood groups for the delivery of city services. The guiding policy behind this process is to implement specialized service roles by neighborhood organizations which would reduce the overall cost of municipal service. For example, neighborhood organizations can identify potholes at an early stage of formation and make minor repairs. This early action will reduce long-run repair costs. Neighborhood organizations can identify and seal vacant property more quickly than the city. This reduces property damage and subsequent rehabilitation costs.

The Managing Director of the city has conducted meetings over the past 10 months with neighborhood leaders in 23 districts of the city to identify reasonable areas of service sharing and to enlist interested and capable neighborhood organizations into partnerships. Teams of neighborhood and city personnel will be organized in these districts to oversee the performance of the contract.

These neighborhood meetings have identified the following areas of partnership:

- vacant lot cleaning and maintenance;
- cleaning and securing of vacant buildings, (involving the boarding up of vandalized vacant buildings and the organization of surveillance activities);
- street maintenance (including the repair of potholes with "cold patches", the repair of some cracks as preventive maintenance, and the inspection and reporting of more extensive damage to the Street Department);
- park and/or recreation area maintenance (involving cleaning and litter control of neighborhood parks and the Hunting Park system).

The city administration will award five to seven contracts in these areas of service delivery. Bids will be received and evaluated on a competitive basis with the following minimal criteria governing the kind of organization considered for selection:

- the bidding organization must be located and recognized as working in a particular geographical area;
- the organization must possess private, non-profit status;
- the organization must have a proven record of service or experience in related tasks;
- the organization must have experience in the management of public funds; and,
- the organization must propose to satisfy the service needs and demands of the District Council in the geographical service area.

At present, Philadelphia's city administration has described the services to be bid and the equipment and supplies that will be required by neighborhood groups performing the service; identified an initial set of capable neighborhood organizations that will bid on the city offer; and ascertained ballpark costs for the different service contracts.

Louisville

The city of Louisville has been contracting with neighborhood organizations for housing development services since 1976. These services were primarily the purchase and rehabilitation of residences. In 1979, the city began a \$500,000 project of sidewalk construction in the Butchertown area. The local neighborhood organization, Butchertown Neighborhood Government (BNG) welcomed this public improvement project as an enhancement to its housing revitalization work.

The city faced enormous problems in carrying out the sidewalk construction program. Neighborhood residents and owners of commercial establishments complained about faulty design and torn-up thoroughfares. In 1980, the city asked Butchertown Neighborhood Government if they would take over the project and complete the sidewalk construction. BNG had strong community support as well as proven technical and managerial capabilities for this kind of work. BNG negotiated a contract for \$150,000 and has carried out its responsibilities successfully.

An interesting aspect of this performance arose from a city ordinance requiring commercial businesses to pay one-half the cost of sidewalk repair. BNG negotiated an agreement with commercial establishments that it would lay sidewalks at no charge to these establishments, providing that the businesses invested one-half the cost of their new sidewalks in the physical improvement of their properties.

In 1982, the city negotiated a second sidewalk construction contract with BNG for \$73,000. The public improvement in this instance will be targeted to specific areas where housing development is planned.

BNG is moving in two further directions. It has begun negotiations with the city for a co-production agreement on sanitation and recycling services. These negotiations aim to divide the sanitation functions of the neighborhood's geographic area into those parts which the city can best serve and those parts which can best be served by the neighborhood organization. BNG also plans to expand its public service work in the area of general street and sidewalk repair.

Issues

Our research and technical assistance has uncovered a number of generic issues which arise as local government and neighborhood, non-profit organizations attempt to build community service partnerships. These may be loosely categorized under the headings of "Overcoming Obstacles" and "Improving Capacities".

Overcoming Obstacles

The transfer of service responsibility to neighborhood development organizations to any significant degree causes justifiable concern among public employees and their unions. Any service partnership, from contracting through co-production to volunteer recruitment, creates fear of job displacement. In order to prevent this fear from becoming an obstacle to expansion of the partnership approach, it is vital that this issue be treated with utmost sensitivity.

A number of cities have entered into service partnership negotiations under the ground rule that no present employee will be displaced. Full-time public employees may be re-trained for new assignments and transferred, but they need not fear for their positions. This approach seems to be working well, although there is not yet enough experience to reach any firm conclusions. Further analysis of this issue is of great importance.

Any service partnership creates fear of job displacement.

Another "obstacle" issue that frequently arises involves the management of liability risks involved in delivering public services. While cities are willing to carry liability coverage for certain services, they are inclined to transfer some part of this burden to neighborhood organizations under partnership agreements. Neighborhood groups, on the other hand, have little experience with such risks and approach liability coverage with extreme caution. Development of a widely accepted approach to resolution of this issue would greatly facilitate the building of community service partnerships.

Finally, there are many specific legal obstacles in state statutes and city ordinances which inhibit the formation of partnerships. For example, in one city, partnership formation was held up over the issue of whether the city could legally transfer public works equipment to a neighborhood non-profit organization. In other cities, there have been delays and problems over particular procurement methods utilized in negotiating contracts. While each particular case may ultimately be resolvable within the local context, there is a clear need for a broad-based review of legal issues which stand in the way of forming community service partnerships.

Improving Capacities

Beyond the specific obstacles discussed above, there are also a number of issues concerning the internal capacities of neighborhood organizations which bear

upon the expansion of the community partnership approach.

One issue concerns the ability of neighborhood organizations to participate in a competitive contract environment. While some kinds of community service partnerships are targeted to specific organizations, regular contracting presents a different picture.

Under the rules of competitive bidding, contracting out for the operation of a neighborhood-based service may involve bids from both the profit and non-profit sectors, including bids from large, efficient out-of-town firms. In this context, neighborhood groups will have to become thoroughly versed in local procurement practices, marketing analysis, and the drafting of responses to purchase orders. They have to know who their competition is and how to out-price and out-perform that competition.

Another issue concerns the ability of community groups to establish appropriate personnel policies and productivity standards. As long as partnerships are limited to volunteer efforts and recruitment of part-time workers for the city, neighborhood groups do not have to concern themselves with personnel policy. However, as soon as partnerships move into co-production schemes or contracts, the ability to manage large numbers of paid personnel becomes an issue.

Neighborhood groups that enter into service partnerships will have to make sure that they have the full support of their communities behind them.

Neighborhood groups typically operate with a small staff of highly-motivated, low-paid community workers. Assumption of service delivery responsibilities involves a completely different set of personnel. For the first time, many neighborhood groups will have to deal with concerns such as pensions, career advancement, overtime, employee security, and so on. Building such personnel management capacity will take time and a great deal of effort.

Third, neighborhood groups that propose to enter into service partnerships will have to make sure that they have the full support of their communities behind them. Service delivery represents a significant change from advocacy and citizen participation, the key mis-

sions of most neighborhood groups. While the attraction of directly improving services for their communities is great, the leadership of neighborhood groups cannot be sure that the citizens they represent will endorse the shift. Clearly, the formation of community service partnerships needs to be handled with great care and full consultation between the leadership and the community.

Fourth, neighborhood organizations actively entering the service contract market must begin to adjust their relations with City Hall and the municipal and county agencies. They have to relate professionally to the agency staff. They have to build a political relationship to the Mayor and the City Council, so that there are mutual advantages for service agreements. And they have to relate in a businesslike manner to private sector companies which will be involved with them in service performance.

Conclusion

Community service partnerships are a permanent new element in the changing picture of city government and neighborhood relations. They have evolved over the past 20 years out of citizen participation in service delivery and service decentralization as well as recent budget cutbacks and revenue declines.

Within the coming years, community service partnerships will become as prominent as development partnerships have been during the past ten years. Returns from neighborhood development have been sluggish in the present economy, and enterprising neighborhood organizations will turn to the service market for sound business and political reasons. At the same time, cities will be looking at various cost effective options to retain neighborhood based services. The two partners are meeting and setting an agenda for the 1980s.

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Partnerships for Economic Development: The UDAG Experience

by

Susan E. Clarke and Michael J. Rich

Community partnerships are being promoted as solutions to a range of urban problems, but rhetorical fervor outweighs conceptual rigor in popular usage of the term. Our objective in this article is to examine a number of issues concerning the composition of partnerships formed for economic development: Who is involved in such public-private partnerships? Under what conditions do they participate? Do cities act as public interest entrepreneurs in these partnerships or do they cater to the needs of the private sector?

A major difficulty in analyzing urban public-private partnerships is the lack of any systematic standardized information about these arrangements. However, the mandated partnerships of the Urban Development Action Grant Program offer an opportunity to overcome these constraints. The Action Grant program, cornerstone of President Carter's national urban policy announced in 1978, is designed to encourage innovative partnerships for community and economic development.

In the first section of this paper, we briefly discuss the major dimensions of the contemporary partnership concept; we then describe UDAG project-specific partnerships and develop a typology for classifying public-private partnerships; in the final section we note factors that may account for variations in partnership composition and the city's fiscal role.

The Partnership Concept

Business, government, and civic organizations have long been partners in community development in most American cities, based upon close, informal working relationships among local elites. Contemporary public-private partnerships, while building on these historical relationships, represent important changes in this long-standing tradition. Our research, based on an examination of nearly 400 partnership agreements executed during the first four years of the UDAG pro-

gram (1978-1981), as well as interviews with economic development officials in over 50 cities, indicates that contemporary partnership arrangements reflect changes along several key dimensions: formality and representation, scope of activity and goal complexity, and local fiscal roles.

Formality and Representation

Contemporary, public-private partnerships involve formal arrangements for cooperative activities among two or more groups and individuals from the public and private sectors. The private sector, as here defined, includes both profit-making and non-profit firms and organizations. Partnerships are based on the proposition that some goods and services are best provided by a cooperative mix of public agencies and private organizations, rather than by either sector alone.

The new wave of public-private partnerships is characterized by explicit contractual agreements, including

The formality of contemporary partnerships tends to politicize the arena of economic development.

public documentation of the partnership arrangement and specification of the expectations and responsibilities of each partner.

The formality of contemporary partnerships tends to politicize the arena of economic development. The public sector role in local development opens the door to all sorts of groups interested in participating. Formality and visibility also invite challenges from groups not included. For example, challenges to UDAG partnerships have included existing firms' objections to public subsidization of their competitors, complaints about the absence of minority contractors, and claims that the neighborhood business impacts of UDAG projects have not been fully taken into account. In

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short, formal partnerships require explicit, active, public policy choices concerning representation. In entering the realm of "political architecture" (Anderson, 1979) local officials must carefully consider the appropriate extent of competing firms, low-income individuals, and so on. The legitimacy of administratively-designed partnerships appears to rest to a significant degree on the inclusion of relevant interests and groups inside the partnership.

Scope and Complexity

In contrast to the limited, functional scope of most previous public-private relationship, cities are today building broad-based partnerships linking public and private interests in new institutional arrangements. These joint development institutions encompass a variety of organizational forms: mayoral task forces on economic development, quasi-public development

Joint development institutions encompass a variety of organizational forms.

corporations, special authorities, and economic development corporations (CUED, 1978).

These new institutions are being vested with a wide range of powers from advisory to policy-making functions, and may involve both policy formulation and policy implementation responsibilities. The redevelopment activities carried out by these new entities often involve large-scale projects operating over extended time periods, and investment climates characterized by significant uncertainty and relatively high risk.

City Fiscal Roles

Traditional public-private relations in American cities usually involve an exchange of resources and privileges among the two sectors. Cities, for example, reduce taxes, build sewers, or ease zoning variations to encourage investment in particular areas. Private investors may promise new jobs, purchase of particular land parcels, or employment of specific social groups. The new genre of partnerships is distinguished from the old by the increasing use of joint development activities in which the city shares in the costs and risks of economic development. As detailed below, city fiscal roles are limited only by the imagination—and legal constraints—of the partners. Coordinated partnership functions may occur at every stage of the development process, from project design to project financ-

ing, site selection, construction marketing, and utilization. Such coordinated partnership arrangements appear more effective at some stages than at others but, in general, the city's entrepreneurial fiscal role is a distinctive aspect of contemporary partnerships.

The Action Grant Experience

The Urban Development Action Grant Program, adopted as part of the Housing and Community Development Act of 1977, is designed to increase jobs and tax revenues in distressed cities through the stimulation of private investment that would not have occurred "but for" the UDAG injection of public capital. This effort to stimulate economic development through private sector initiative and participation is an explicit acknowledgement that the public sector cannot and should not attempt urban economic revitalization without significant private sector involvement in project design and implementation. Urban development action grants are awarded by HUD on a competitive basis among eligible cities. Cities qualify for participation in the action grant program by demonstrating significant community development need as measured by the age of housing, poverty, unemployment, per capita income, job lag/decline and population lag/decline. As of June 1982, more than 1,321 action grant projects in 429 cities had been approved by HUD, representing more than \$2.2 billion in federal assistance.

Public-private partnership ventures are organized around specific development projects prior to submission of the application for funding to the Department of Housing and Urban Development (HUD). UDAG projects are primarily initiated by private sector interests. For example, in over 50 percent of the projects

The public sector cannot and should not attempt urban economic revitalization without significant private sector involvement.

sampled in a HUD evaluation study of UDAG impacts, private sector interests initiated the development project (HUD, 1982: vi). Furthermore, the feasibility of action grant projects is determined primarily by private lenders' willingness to commit funds for a particular project (HUD, 1982: 34).

The action grant program is designed to give cities considerable discretion in the types of activities they may undertake with their action grant funds. UDAG grants may be used for a variety of direct and indirect incentives for development activities, including below-market rate loans, land write downs, demolition and clearance, relocation of businesses and families, site

improvements, and public infrastructure activities. HUD classifies the types of projects it will consider into three categories—neighborhood, commercial, and industrial—and strives to maintain a balance among them in making action grant awards. However, several researchers (e.g., Gist, 1980; Jacobs and Roistacher, 1980; Webman, 1981; and Rich, 1982) have shown that while a balance has generally been achieved in terms of the numbers of projects funded, UDAG dollars are skewed towards commercial activities. More than one-half of all UDAG dollars allocated have been awarded for commercial projects.

Types of Partnership Arrangements

While each action grant project requires a minimum of at least two participants (one public, one private), there do not appear to be any boundaries on either the number or type of parties included or the complexity of legal responsibilities each partnership entails. The simplest partnership arrangement is one that involves the city government and a single private sector participant, such as a local manufacturing firm. Generally, as the size and scope of development activity increases so does the number of participating partners and the complexity of the partnership. Oakland, California,

As the size and scope of development activity increases, so do the number of participating partners.

for example, lists more than 10 participating partners (including the city's redevelopment agency, the Economic Development Administration, a private developer, a Canadian development corporation, a local bank, and a Canadian bank) in its grant agreement for an action grant project designed to construct a major new downtown hotel and convention center complex. An even more complex partnership in Minneapolis and St. Paul, MN involves the respective housing and redevelopment authorities of the two cities, a private foundation, a pension fund, and several contractors, developers, and individual homeowners. This project, in tandem with a \$170 million housing mortgage revenue bond issue jointly sponsored by the two cities, will provide home ownership assistance to low- and moderate-income families in the Twin Cities area.

We have developed a typology of prototypical public-private partnership arrangements under the action grant program. These arrangements vary along two basic dimensions: (a) whether the general purpose local government (e.g., the city's department of com-

munity development) assumes direct responsibility for carrying out program functions such as land acquisition, site preparation and public improvements itself or whether it transfers responsibility and funds to another public entity, such as a local redevelopment authority; or (b) whether or not non-profit groups are included as participating parties in the partnership in addition to private business. Capsule illustrations of prototypical partnership models, in descending order of complexity, are as follows:

1. **City/Private.** The city uses its UDAG funds to finance the extension of a sewer line to enable a private manufacturing firm to expand its facilities.
2. **Public/Private.** The city transfers its action grant funds to the local redevelopment authority which uses those funds for land acquisition, demolition and clearance, and infrastructure improvements. The redevelopment authority then leases the site to a private developer who has agreed to construct a new hotel on the site.
3. **Nonprofit/Private.** The city transfers its UDAG funds to a non-profit organization based in one of the city's community development target areas. The nonprofit uses the UDAG funds to establish a revolving loan fund for housing rehabilitation loans. A consortium of private lending institutions agrees to participate in the program and provides the bulk of the funds necessary for the rehabilitation work.
4. **City/Nonprofit/Private.** The city loans UDAG funds to a non-profit neighborhood development corporation which uses those funds for the completion of a neighborhood shopping plaza it has been developing. Income generated from the plaza's tenants is used to repay the UDAG loan and to establish a revolving commercial loan fund to assist minority businesses.
5. **Public/Private/Nonprofit.** The city transfers its UDAG funds to the local redevelopment authority which in turn acquires and prepares a site for a private developer. The developer then constructs 200 housing units, of which a portion are set aside for low- and moderate-income families. A neighborhood nonprofit organization, using funds received from the city's CDBG program, administers a home purchase assistance program in which funds are lent to low- and moderate-income families for down payments on the newly constructed homes.

In most of the cases in which responsibility and funds are transferred to another public entity, local governments lack the legal authority and/or the administrative capacity to fulfill the public sector's project obligations (e.g., land acquisition through eminent

domain, execution of loans or grants to the private sector, issuance of bonds for supplemental project financing).

The inclusion of nonprofit organizations in action grant partnerships, either as transfer agents or as operating partners, is usually motivated by the desire to lend legitimacy to a development effort or to insure that affected interests in low income communities benefit financially. In some cases, inclusion is also generated by the demonstrated competence of nonprofit groups in specific functional areas, such as the administration of housing rehabilitation and neighborhood revitalization groups.

Public Fiscal Roles

A distinctive feature of the UDAG program is its recent transformation from primarily a grant program in which cities or public authorities used their action grant funds for one-time development expenditures to an investment program in which government agencies loan their action grant funds to private or nonprofit participants, enabling the public sector to recapture its UDAG funds and recycle them for future housing and community development activities. A recent HUD study reports that the proportion of UDAG projects

The proportion of UDAG projects containing provisions for the recapture of public funds has increased.

containing provisions for the recapture of public funds has increased from 30 percent in 1978 to 62 percent in 1980 (HUD, 1982: p. 147).

We call cities that recapture none or only a small portion of their action grant funds "donor" cities, as they are in essence making a public contribution to a private development. We label cities at the other end of the continuum "entrepreneurial" cities that are able to "make money" with their action grant.

Perhaps one reason why cities are becoming more entrepreneurial in the use of their action grant dollars is that all UDAG funds recaptured by the city stay in the city; there are no provisions for returning recaptured program funds to the federal government. The only restriction is that recaptured UDAG funds must be allocated for activities that are eligible under Title I of the Housing and Community Development Act of 1974, as amended. Thus, cities may use their UDAG program income for activities such as housing rehabili-

tation, neighborhood public improvements, and loans for commercial and industrial enterprises.

In most action grant projects that generate program income, the designated functional reuse of the proceeds is closely related to the initial project. For example, one of the most common uses of program income has been the establishment or supplementation of revolving loan funds. Proceeds from commercial and industrial loans have generally been used to make additional commercial and industrial loans. Similarly, payments on UDAG-funded housing rehabilitation and home purchase loans have been recycled for additional home improvement and mortgage assistance loans.

The major mechanisms through which UDAG funds are recaptured and program income is generated are as follows:

Land Disposition. Cities have traditionally used federal grant-in-aid proceeds for land acquisition and site preparation. Program income is generated through the disposition of land to the private sector. However, because cities have generally used their federal development funds to write down the cost of land as an incentive to stimulate private investment, land disposition proceeds generally can only partially recapture public funds expended on a particular development activity.

Lease Agreements and Municipal Enterprises. Local governments have also generated program income through the use of land and/or facility lease agreements. Frequently cities will acquire and clear a parcel of land for development and then lease the site to a developer. In other instances cities may construct an underground parking garage and lease the air rights to a private developer. Cities have also used their action grant funds to construct facilities which in themselves generate revenues. Perhaps the most frequently occurring example is the construction of municipal parking garages in which the city generates income through the collection of parking fees. In some instances the city may lease a specified number of parking spaces to a developer or private firm. Similarly, several cities have constructed other facilities with the specific goal of revenue generation—e.g., neighborhood shopping centers, trade centers, exhibition halls, and industrial parks.

Loans. Increasingly, cities are using their urban development action grant funds as loans to private and nonprofit participants. A recent HUD evaluation study found that about one-third of all UDAG funds awarded through FY 1980 were executed as loans as opposed to grants (HUD, 1982: 149). Generally UDAG funds are used for loans at below market interest rates although in a few cities loans have been executed at or near the prevailing market rate. In a few

cities, a sliding interest scale has been employed in which interest rates increase over the term of the loan.

Net Cash Flow and Equity Participation. Finally, and perhaps most noteworthy, several projects have included "kicker" provisions into their action grant agreements which permit the city or its agent (e.g., a redevelopment authority, nonprofit organization) to share in the net cash flow after a specified return to the developer. Generally, there are three different types of net cash flow participation. Under the first type, in which the project's profits are used to repay an outstanding UDAG loan, net cash flow participation represents no real advantage for the city. That is, the city is setting back its UDAG funds, generally with interest, and nothing more. The real advantage in this situation appears to rest with the private sector whose debt service payments only begin once the development activity generates a profit. Furthermore, these agreements usually include provisions which allow the developer to defer debt service payment in years in which the project does not generate sufficient net cash flow.

A second type of net cash flow participation is one in which the city receives a portion of the net cash flow as an "additional interest payment" on its UDAG loan. In these instances, net cash flow participation represents a bonus payment to the city since the city already is receiving principal and interest payments on its UDAG loan.

The third type of net cash flow participation occurs when the city uses its UDAG funds as an equity investment and thus, shares in the profits of the development activity in proportion to its investment. Cities have thus far used their UDAG funds for equity contributions in such diverse activities as hotels, office towers, shopping plazas, and housing developments.

Explaining Partnerships

What accounts for the variation between cities in the composition and organization of urban development partnerships? First, local political structure appears to significantly influence partnership composition and local fiscal roles. Urban public-private partnerships seem the latest in a long line of urban "reforms"—from special authorities through urban renewal and model cities—that attempt to isolate "technical" development activities from politics. Thus, reform cities with city managers and nonpartisan, at-large elections seem most receptive to partnerships which transfer authority and funds to special administrative units. Administrative specialization also is likely to allow more entrepreneurial roles, both because of greater administrative capacity and less political interference. Unreformed cities, on the other hand, are more likely to keep control directly in city government and more likely to be responsive to nonprofit and neighborhood

partnership participation because they are more accessible to such groups' demands. Unreformed cities may be pushed to more entrepreneurial styles with greater public benefits through pressures from these interests but these competing interests may also impede evolution of newer fiscal roles aimed at recapturing and recycling funds.

Organizational and bureaucratic needs also shape partnership composition. Organizing for economic development usually occurs in a milieu crowded with planning units, special authorities, and bureaucracies from previous Federal programs. Weak mayoral control over development resources and business community pressures for a more visible, coherent public

Many mayors are reluctant to include "kicker" provisions that would possibly jeopardize private sector participation.

development partner often lead to delegation of economic development responsibility to public authorities outside the city government line departments.

Finally, national bureaucratic influence seems to be a particularly important influence in the evaluation of local fiscal roles in UDAG partnerships. Many mayors are reluctant to include "kicker" provisions and other non-market conditions in UDAG agreements that would increase the potential public benefits but possibly jeopardize private sector participation. National HUD officials thus sometimes play a broker role between local political and economic interests. When applications proposing projects with substantial profit margins are submitted, HUD officials may propose inclusion of "kickers" both to test whether or not the private benefit has been correctly estimated and to increase the city's rate of return on its investment. HUD's brokerage role is an important factor in understanding the increasing prevalence of more entrepreneurial roles in action grant partnerships.

Conclusions

To recapitulate, our research found that contemporary urban development partnerships are based on formal agreements among partners rather than informal bargains. They tend to be extensive in scope and to involve multi-goal development projects rather than distribution of discrete resources. They also reflect a range of local fiscal roles, with cities steadily shifting

from a donor mentality to a more entrepreneurial, revenue-generating perspective.

The recapture of action grant funds for future development activities has a number of important implications. First, it represents a movement by the cities away from their dependency on the federal government and towards local self-sufficiency. In addition, it also points out that given the difficulties in raising revenue from alternative sources—e.g., declining federal aid, citizen and business resistance to increased taxes, voter rejection of major capital bond issues, and the tightening of the capital market—recycling public development funds may be the only way in which cities can assure themselves of the future revenues they will need for housing, community and economic development activities.

Significantly, the entrepreneurial city roles we describe for the UDAG program are becoming evident in other program areas. For example, some cities have drawn down their unexpended CDBG entitlement funds to “float” loans for other development activities of their choosing. The principal payments received on these outstanding loans must be earmarked to the CDBG projects to which they were originally allocated, but the city is free to use the interest earned on these loans for a variety of housing, community, and economic development activities. Thus, federal development programs appear to increasingly function as investment capital pools through which the more entrepreneurial cities leverage private investment.

The irony in these conclusions is that two contradictory developments seem to be at work: greater business interest in joint development activities with city government but declining federal funds for local participation in such partnerships. As one Midwestern official notes: “There seems to be more cooperation lately because of the economic decline. There is a recognition of a common need”. A Pacific Northwest administrator reports that: “The economic climate is rapidly changing. Private firms are now beginning to look favorably upon government involvement as ‘risk-sharers’ in development projects”. Yet many officials point out that Federal budget cuts are eliminating many of their resources for front-end investment in joining projects as well as for the services in-kind that are often part of their project contribution. Continuation of the UDAG program insures some of those funds but local officials anticipate increased competition for these reduced funds.

While the typology of partnership variations presented here is drawn from UDAG research, we feel that this analysis of structure and roles also includes lessons for other policy areas of potential partnership at the local level. For example, given the territorial context of local politics, every issue of developmental politics is

also an issue of distributional politics, involving the costs and benefits to various neighborhood and community-based groups that represent them. The involvement of community-based groups is thus a persistent equity issue in local policy-making on partnerships. The UDAG experience includes a number of creative ways of building inclusive partnerships. Perhaps even more importantly, given declining resource bases and decreasing federal support, cities must develop more entrepreneurial approaches to every policy area they are responsible for. The UDAG experience may again point the way.

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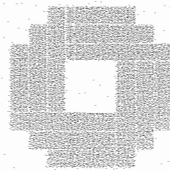
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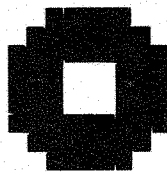
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