

## Limited Membership by Dan Jacoby

Five weeks ago, the New York Post broke a story that millions of tax dollars were officially earmarked by the City Council to nonexistent accounts so that they could be allocated later to legitimate nonprofit organizations. The idea was that since all funding is required to be made at the beginning of a fiscal year, and many groups don't know how much they'll need six, eight, or ten months in advance, some system needed to be created to make that money available.

There's not much new. Different kinds of phony allocations have been used for decades for the same purpose. It is becoming clear that there was never any intent to deceive, or to send money to groups that don't meet whatever set of official criteria is in place for such "member items."

Of course, the widening investigation has turned up a number of these earmarks that have at least the appearance of favoritism or conflict of interest, and two City Council staffers have been arrested for stealing some of this money. But that's not the real problem, and until we identify and fully address the real problem, what we're seeing now will reappear again and again.

The real problem is that the very existence of member items is corrupt.

Let's say you work for a nonprofit, "community service" group. You apply to your representative for a grant in the form of a "member item" or an allocation from a "discretionary fund." You receive this money. Hooray! Next, your representative shows up to your group's meeting, and pictures are taken that find their way into the local paper. You write a letter of thanks to your representative. All the publicity surrounding this largesse (paid for, mind you, by the taxpayers, not by your representative) ensures that your representative gets to be known as "someone who cares."

The next year, when your representative is running for reelection, somebody else is running for the same seat. But the challenger is laboring under an enormous burden: The incumbent has given your group money, and probably will again – if reelected – and you don't want to lose that funding. You "need" that money to continue "serving the community." So you send word around that the incumbent needs to be reelected.

In other words, your representative has bought your vote. Not only your vote, but your active support as well. What's worse, the purchase (don't dare call it a "bribe") was made with tax money.

Moreover, not every group can obtain this money. Most groups that receive member items already have some connection to their representatives, which is how they begin the process. Groups that don't have a connection are usually left out.

There is no solution, short of eliminating all "member items" at all levels of government.

Does this mean that some true "community service" groups will be hurt? In the short run, the answer is yes. Over the long run, however, as these groups learn how to raise money from other sources, the community will actually be better served.

How? All the money currently being spent on member items (literally billions of dollars every year) will either be spent on providing needed government services, like infrastructure, better schools, enhanced police and fire protection, etc., or returned to taxpayers in the form of a tax cut.

In addition, groups won't have to spend far too much time and far too many resources learning how to petition their representative for our tax money.

Finally, we won't have to worry that our representatives (or someone else's representatives) might be sending our tax money to their friends and relatives, and we won't need so many investigations.

And our City Council won't have a need for phony accounts.

Of course, this means that our representatives will have to give up one of the "perks" of office. Since member items enhance an elected official's image, few elected officials will be willing to surrender that advantage. So we will probably see some sort of similar "scandal" within the next few years. And then, we'll see yet another one a few years after that. And a few years later, we'll ...

You get the idea.

There is one possible, faint ray of hope. The outgoing mayor apparently has no desire to run for office in the future. He has no reason, therefore, to try to "buy" anybody's vote. He could publicly veto any member item that comes his way, or any bill that contains member items. By vetoing these bills publicly, he can shine a spotlight on the issue in a way that just might force the City Council to go along. He is helped by the deteriorating economic situation. After all, if the city needs to tighten its belt, what better way to begin than by cutting out member items?

Some people will argue that many of these allocations are more desperately needed, since they go to groups that provide the services that are in greater demand during an economic slowdown. For those groups, instead of allocating money through the member item process, they can get our tax money through a vetting process, perhaps something similar to what the Speaker proposed weeks ago.

Of course, since City Council members who don't want to give up their member items quickly shouted down the Speaker's proposal, the odds are nothing will change. But it was a good try.