Creating Effective Citizen Participation in Local Government Budgeting: Practical Tips and Examples for Elected Officials and Budget Administrators

John B. Stephens

Overview

City council members, county commissioners, and budget administrators face difficult budget choices in these uncertain economic times. And they are not alone. Ordinary citizens are also feeling the pain, and thus spending decisions, both in households and in local governments, can arouse great public interest, not to mention passion.

Given such a backdrop, how can elected officials and budget administrators improve the quality of citizen input and make the conversation over local government budgeting a more appealing and productive one? As will be shown, a little planning and preparation can go a long way in helping to reduce misinformation and rumors about the budget process and could increase citizens' understanding of the hard decisions that must be made by public officials.

This bulletin, which builds on previous School of Government publications on citizen participation (Appendix 1), broader public administration and public participation literature, and the author's consulting experience (Appendix 2), will address and attempt to answer the following questions:

Is current local government budgeting and proposed budgeting information gathered and maintained in ways that make it easily available, accessible, and understandable to citizens?[1]

How can local government leaders solicit and receive input on their budgets from all citizens, not merely the small number of them who use the citizen comment periods at regular board meetings to convey their opinions?[2]

What are the most effective tools for helping citizens understand what goes into elected board decision making—for example, how can we best show and explain the trade-offs that frequently take place in the budget process?[3]

John B. Stephens is a School of Government faculty member who specializes in interagency and public policy dispute resolution, citizen participation, collaborative governance, and facilitation.

1. This question is discussed in more detail on page 4.
2. Please see page 10 for fuller treatment of this subject.
3. These matters are discussed more on page 15.

Introduction

Economic difficulties beginning in 2007 and continuing through the present have led to budget crunches for almost all of North Carolina's municipal and county governments. Citizens are turning their attention more and more to tales of recent layoffs and long periods without work, service reductions, and higher fees and/or taxes. This piqued public interest and concern is, by itself, an important reason why local leaders ought to strengthen the ways they distribute budget information and ensure that they have well-designed processes for gathering public input.

Three goals, two of them basic and one more advanced, underlie the material on public education and participation on budgetary matters that follows. These goals are:

> **Inform**: Get information to citizens in multiple ways
>
> **Listen**: Seek out citizens' views (this will help with the other two goals)
>
> **Clarify choices and priorities**: Create mechanisms whereby citizens can better understand the decision-making process and convey their own choices/priorities for budget items

Strategies for achieving and implementing these goals at different points in the information/input process for local budgeting will be offered below. See also Table 1, which discusses the three goals, related values and key considerations in implementing the goals, and illustrative actions and likely consequences.

Background: Connection between Economic Factors and Public Participation in Local Government Budgeting

While it seems apparent that citizen participation can only serve to inform, and thus improve, the operation of government, turnout at public hearings and other forums for communication is not always high. But a poor economic climate and sluggish recovery can heighten the importance of participation, more particularly, the importance of making sure that citizens understand, trust, and hold accountable their local government decision makers. This principle applies in North Carolina, where, despite the technical end of the national recession, high unemployment and low growth prevail (see Karl Smith, Webinar On-Demand, "The Arc of Economic Recovery: Is it for Real?" no longer available online; for more information, please contact Publications Marketing and Sales Office, School of Government, Campus Box 3330, Knapp-Sanders Building, UNC–Chapel Hill, Chapel Hill, NC 27599-3330, (919) 966-4119, sales@sog.unc.edu), placing continued pressure on local government budgets.

A survey of actions taken by North Carolina boards of county commissioners in adopting their 2010–2011 fiscal year budgets reveals that dozens of counties are doing one of more of the following things: reducing their budgets as a whole; instituting hiring freezes; eliminating positions or laying off workers; decreasing school appropriations; and delaying capital projects, renovations, and repairs (Troutman, *State of the North Carolina Counties* 2010).

But boards of commissioners are not the only ones being more budget-conscious. In 2007, counties were given authority to levy an additional sales tax with voter approval. Since this time, seventy-six sales tax referenda have been held in fifty-two counties. Of the seventy-six, fifty-nine were rejected and only seventeen were approved (McGee 2010). In particular, in November 2010, fourteen counties had a quarter-cent sales tax referendum on the ballot; every single one was defeated by voters (McGee 2010).

Table 1. Citizen Involvement Goals, Values, and Implementation Considerations

Citizen Involvement Goals	Values and Assumptions Addressed	Implementation Considerations and Likely Consequences
Inform	Open government	Make public documents available
	Efficient, low-cost, and minimal effort	Website information and other low-cost, no-cost methods
	Reactive: citizens should take action to be informed	Citizens usually must seek out information
		Does not reach passive citizens
Listen	Citizen input is of value	Effort expended by elected officials
	Direct, two-way communication is important	Citizens are invited to voice their views
	Few resources expended	Meetings can be unpredictable
	Demonstrates a higher level of government outreach	May emphasize narrow self-interests more than community-wide needs
Citizens Offer Choices, Priorities	Invites and expects a higher level of citizen responsibility	Significant time commitment by citizens, government staff, or representatives
	Input reflects some of the duties of elected board members	Citizens need to balance their preferences with other needs considerations
		Few citizens likely to commit the time
		Participants may be unrepresentative of wider community
		Citizens' views may be more valuable to decision makers (i.e., more "complete" or "realistic")
		Lower participation

Add to all of this the fact that resources from the federal and state government are likely to be reduced (most county and city budgets depend, in large part, on cost-sharing arrangements with the state and/or federal government for social services, education, transportation, and other areas), and the dire implications for city and county budgets become clear.

But there could be an upside to the negative news. The increased fiscal stress (felt by local government officials and citizens alike) and potential for changes in government services brought on by the poor economy may well lead to a surge in citizen involvement, carried out in both traditional and non-traditional ways.

Getting the Most Information Out, in the Best Possible Ways, to the Greatest Number of People

The link between the first question stated above—involving the best ways to convey complete and user-friendly budgeting data to the public—and the first listed goal—for local governments to be informative in their actions—is both plain and crucial. But it is not necessarily easy.

Vehicles for Relaying Budget Information to the Public—Pick One . . . or Several!

While deciding that budget information needs to be disseminated to the public and figuring out just what information needs to be conveyed are fairly simple tasks, determining which method of data distribution to city or county residents will be the most effective is a far harder proposition. This section will outline different options for "spreading the budgeting word" and provide tips for making the right choice among the options.

Posting Traditional Budget Information Online

Edgecombe County, like many cities and counties in North Carolina, posts its adopted budget online each year (see www.edgecombecountync.gov/finance/budget.aspx), in addition to the most current "recommended budget." The posting includes a separate link entitled "budget message." This message is prepared by the county manager and addressed to the board of commissioners and summarizes the proposed budget and provides an overview of the county's fiscal situation, using headings such as "General Fund Operational Highlights," "Personnel," and "Capital Outlay," and contains comprehensive annual financial reports (CAFRs). The county's recommended budget for Fiscal Year 2010–2011 runs just twelve pages long. Its first three pages present the key figures for overall expenditures (totaling $56,963,186) and anticipated revenues ($56,963,186 is also listed here, reflecting the budget message principle that "The Budget is balanced in its entirety, as required by the North Carolina Local Government Budget and Fiscal Control Act"). The last nine pages go into the budget's terms in greater detail.

The town of Winterville, N.C., while compiling a far longer (125 pages) document for its adopted 2010–2011 budget, uses an approach similar to Edgecombe County's regarding the online posting of budget data (see www.wintervillenc.com/docs/government/2010-2011_%20 FY_%20Adopted_Budget_.pdf). In eight pages, the town manager—addressing the town's mayor and council—summarizes key components of the proposed budget in relation to stated policies and priorities. He then lists various expenditures and revenues, much of the information coming in table form.

While it is admirable that Edgecombe County and Winterville make their respective budget data readily available, in its current forms the information can be hard for the average citizen to follow (for example, terms such as "ad valorem taxes," "unrestricted intergovernmental revenues," and "inter-fund transfer services" are used but not defined or explained).

City- or County-Prepared Budget Summaries

Standard Budget Fact Sheets. It is not uncommon for North Carolina city and county governments to put together budget summaries or highlights. Frequently this information will take the form of a brochure, and often the brochure is two pages long.[4] These documents can be a great way for officials and administrators to relay budget information to citizens in a straightforward

---

4. The latter observation is based upon the author's personal analysis of approximately three dozen websites, without the benefit of a rigorous effort to collect a true representative sample.

TIPS FOR POSTING BUDGET DATA

Strategy: One way for officials and administrators to help citizens better navigate online budget information would be for them to title (using easy to understand terminology; basic language should not just be used in titles, but throughout the information presented) and break down sections of long budget documents into separate links. This can be done by posting PDFs (documents that can be viewed regardless of what software, hardware, or operating system is used by the viewer) of the discrete budget sections.

Examples: The city of High Point, N.C., offers individual web links to fifteen different sections of its 2010–2011 budget (see www.highpointnc.gov/budget/adopted.cfm); there is also a link to view the budget in its entirety and a link that provides a summary called "Budget in Brief." One especially helpful link/section is the glossary, which contains a listing of "frequently used terms" and an "acronym directory and accounting unit descriptions" portion to help readers better understand technical budgetary terms.

Catawba County takes an even finer-grained approach, using more than 40 separate links for the major categories and sections of its posted operating budget (see www.catawbacountync.gov/Budget/default.asp). These individual links include "General Government," "Public Safety," "Human Services," "Education," and "Culture"; sublinks under each of these entries go into even greater detail.

Strategy: Providing some sort of guidance/roadmap for posted budget materials will also assist citizens in better accessing and digesting a local government's financial information.

Examples: The web page for Randolph County's Finance Office (see www.co.randolph.nc.us/finance/budget.htm) breaks the 2010–2011 budget down into several main categories. Under the link called "Introductory," there is a sublink for a "Reader's Guide." This document not only explains the terms used in the county's budget, it also lists each section of the budget and summarizes its contents, gives an explanation of the budget process, and provides samples of the formats used by the office in budget documents.

Catawba County's web page also features a "Readers' Guide," which states in its very first sentence that "local government . . . has a vocabulary of its own" and goes on to try to "help the average reader" navigate the material via explanations of the budget's terms, its organization, and an general overview of local government finance in North Carolina (see www.catawbacountync.gov/Budget/10-11/ReadersGuide.pdf).

---

manner, but they have to be properly constructed. To do this, a large (perhaps even massive) amount of information must be cut back significantly, and the important points then have to be crystallized for citizens to browse.

This is easier said than done. Simply choosing what information to include in a fact sheet can itself be quite challenging, to say nothing of deciding upon the method for relaying the information selected. A budget is an interconnected thing; it is difficult to isolate specific items without needing to bring up other items and without raising new questions or inadvertently misleading people. As with any selection of facts, what is included in a fact sheet and how it is presented might lead readers to perceive that sides are being taken on certain issues (for example, using the heading "Sales Tax Myth" in a fact sheet goes beyond the simple provision of information—it amounts to making an argument/stating a position about sales tax "fairness").

TIPS FOR BUILDING A BETTER FACT SHEET

Strategy: Using less technical language is a perfect way to start creating a budget fact sheet. Citizens are more likely to understand written material that is narrative in tone rather than comprised of a jumble of unfamiliar terms and/or dollar signs. Neutral language that takes no sides/is not tantamount to editorializing is also a must, as citizens want to be told what information to think about, not what they should think about the information they are given (taking this approach would ignore the second goal, discussed at the beginning of this bulletin—listen—and would fall far short of satisfying the first goal—meaningfully inform).

Explaining financial points through visual illustrations (such as charts), as opposed to relying solely on numbers, is another great tactic for reaching a wider audience. This may sound odd, as budgets are, in the end, all about numbers, but telling the budget story with pictures may be more meaningful to typical members of the public.

Examples: In presenting its 2010–2011 budget data, the city of High Point (see www.highpointnc.gov/docs/BudgetBrief.pdf) uses tables, pie charts, and a brief narrative written by its mayor to boil down the complex information for easier understanding. Its two-page brochure, entitled "Budget-In-Brief," also includes the names of the town's mayor and city council members and identifies top administrators and gives each individual's contact information.

Buncombe County takes an approach similar to the one used by High Point (see www.buncombecounty.org/common/finance/BudgetInBrief_FY11.pdf), also relying upon a two-page brochure to get information out and also calling their publication "Budget In Brief." The Buncombe County brochure reads a bit easier than High Point's version, I think (the pie charts and tables are displayed close together for better comparison, for example), and there is a separate pie chart which shows allocations for county public schools, city public schools, and community colleges, which is important as education spending is a matter of particular interest for citizens.

In addition to a "Budget In Brief" online document featuring colorful bar charts on revenues and expenditures, a chart about the distribution of general tax revenue across select categories (for example, franchise tax, solid waste), and a chart showing city gas and electric utility outlays (see www.rockymountnc.gov/budget/documents/2%20Budget%20in%20Brief.pdf), the city of Rocky Mount offers a thirty-page online *Budget Letter* and *Citizens Guide to the FY 2011 Adopted Annual Budget* (see www.rockymountnc.gov/budget/documents/1%20Budget%20Letter.pdf). This publication begins with a letter from the city manager to the mayor and city council summarizing budget points, then launches into a guide to the budget that provides single-page summaries of revenue and expenditure categories, complete with nice bar charts, a summary of services, a statement of goals for Fiscal Year 2011, and, in some cases, a listing of "major enhancements." The city's web page also has a link to a glossary of budget terms.

The city of Wilmington stands as an example of both what to do and what not to do when it comes to designing a budget fact sheet that incorporates our three guiding goals (inform, listen, call on citizens to clarify/prioritize). First, the "what to do." Wilmington's budget brochure, which is entitled "Budget Basics" (see www.wilmingtonnc.gov/Portals/0/documents/City%20Manager/Budget/BudgetBasics.pdf) and is available via a link on the city manager's web page, is filled with eye-catching charts, graphics, and photographs that help explain the budget in a pleasant, unintimidating way. "Budget Basics" is very interactive, suggesting that citizens try balancing the city budget through a special online program, detailing "Where the money comes from" and "Where the money goes," and showing how Wilmington compares with nine other large cities in North Carolina when it comes to city tax rates (as of fall 2010, Wilmington had

the second-lowest rate of the ten cities selected). The brochure also lists relevant upcoming events, imploring citizens to "Learn about the city's budget."

The Wilmington web page has one feature that is not exactly in keeping with the goals for citizen participation discussed at the opening of this bulletin. Under a link called "Budget Fast Facts" is another link named "Sales Tax Myth." As was noted above, the very title of this link appears to break the rule about presenting citizens with factual information and letting them make their own decisions based upon it, as opposed to "taking sides" on budget issues. Material on this page does not simply present numbers and other data about the county sales tax; there is also judgment and commentary: "Even though most of the sales tax collected in New Hanover County [in which Wilmington sits] comes from Wilmington (83%), the city only receives a small percentage (21%) back from New Hanover County. The rest goes to beach towns and other parts of the county" (see www.wilmingtonnc.gov/city_manager/budget_fast_facts/sales_tax_myth.aspx). Maybe some citizens would see no problem with the county's distribution formula for sales tax revenue. Others might be uncomfortable pitting the county's largest city against other parts of the county. A "Did You Know" section on this same page uses certain facts to reinforce a view that implies the city does not receive sufficient monies from New Hanover County government:

- Even though the sales tax rate increased in spring 2010, the city did not receive any of the increase.
- New Hanover County controls how the sales tax dollars are spent within the county and how much the city will receive.
- By law, as the county's property tax rate goes up, the city's share of sales tax revenue goes down.
- The amount of sales tax dollars the city receives from New Hanover County has been decreasing over the past several years.

This is all important information for the public to have, but presenting it in a more neutral way would allow citizens to reach their own conclusions and not feel as if they were being led to a conclusion (which might put many citizens off and lead to low participation rates).

Template for a Basic Budget Fact Sheet. Figure 1 is a budget template containing both legal and procedural information that does not change much over time and a few items which require annual updates. My purpose in providing this template is to offer guidance to public administrators who are responsible for preparing budget information to be disseminated to the general public. I aim to keep the content in the template relatively easy to prepare and update, so as to be practical within constraints on staff time and material resources.

This template features a few key items which, collectively, can normally be presented in a one-page document. Going with a short document meets the citizen participation goals of giving the public simple, easy-to-understand information (and not overwhelming facts and figures plus undefined terms) in a format that is likely to appeal to many people (the shortness of the sheet also leads to low duplication costs, which everyone will appreciate). The template was tested by forty North Carolina elected municipal officials at a workshop in October 2010. The response was generally positive.

Please see Appendix 3[5] for related information.

---

5. This appendix contains a Template with Comments for further exploration of the information discussed above and an illustrative fact sheet using data from Harnett County.

Figure 1. Template of a Fact Sheet for Carolina County/City Budget

1. BUDGET TIME PERIOD—Carolina County/City of Carolinaville must adopt a balanced budget by June 30, 2011. The budget covers the period July 1, 2011, to June 30, 2012

2. REVENUE SOURCES
    A. The primary revenue comes from property taxes = ____%
    OR
    B. Most of the county/city's revenues come from three sources:
        Source 1 =____%
        Source 2 =____%
        Source 3 =____%

3. PROPERTY TAXES
    A. Current and recent tax rates: _____
    B. Comparison Information from similar jurisdictions: _____

4. EXPENDITURES—three facts about recent spending and spending changes:
    A. The largest expenditure areas are typically for
        • Cities: e.g., **public safety** (fire and police) plus one or two other categories
        • Counties: e.g., **education** (K–12 and community college), **human services/health**, plus one or two other categories
    B. CHANGE—There have been no raises for employees since X date
    C. CHANGE—Employees have had less take-home pay (in the face of increased expenses, e.g., higher health care costs)

5. REPAYING LOANS—Carolina County/City of Carolinaville must repay bonds that are being used for capital/infrastructure projects (such as X project). The amount that must be repaid is
    $____ for 2011–12, which will change to $____ by 2015–16

6. RESPONSES TO TOUGH TIMES—Facts about increasing revenues, decreasing expenditures, and effects on efficiency/services provided/number of government employees, etc.
    A. The County/City will attempt to add to revenues by X, while at the same time cut costs by X
    B. EFFECT—By looking at how and where services are provided and adjusting service provision to, e.g., avoid duplication, more efficiency in X service area can be achieved
    C. EFFECT—By reducing revenues, services will also need to be reduced

7. BUDGET DECISION MAKING—A few facts
    A. The Mayor/County Commission Chair cannot veto the budget; the budget is decided by majority vote of the City Council/County Commission
    B. The Mayor/County Commission Chair or the City/County Manager cannot make major changes after the budget is passed; only a majority of the County Commission /City Council can change the budget during the July 1, 2011, to June 30, 2012, time period

Presenting Budgeting Data in the Digital Age: Informational Videos on Municipal Budgets
Conveying budget information via visual images is a wise tactic, given our high-tech culture. Using videos to get points across is an especially appealing, not to mention relatively easy, approach.

TIPS FOR CREATING ENGAGING VIDEOS

Strategy: Many cities and counties in North Carolina have public access channels that are either wholly dedicated to government information or shared with community groups. These channels could prove to be a fruitful avenue for educating the public about budget information. Also, once produced, a video about general budget information would have a long shelf life, which would save officials and administrators both time and money.

Examples: The city of Rocky Mount uses video presentations to provide "essential background on [its] annual budgeting processes, as well as specific information on the FY 2011 Adopted Budget and 2011–2015 Capital Improvement Program." The first video series, "Budget 101,"[6] was released in 2009. The series is still being produced as of this writing. It gives an overview of the city's budgeting practices and financial structure. Subsequent video series have been released, providing specific financial and policy information with respect to a given annual budget and five-year capital improvement program. Budget-related "segments," including "Budget 101," are regularly shown on C.I.T.Y. (Connecting Information To You) TV-19, a government access channel. They can also be accessed any time online through the city's budget page or through the "Video on Demand" page of its website (see www.rockymountnc.gov/cityvideo.html).

Profile: Thinking Outside the Box

Kenneth Hunter, Rocky Mount's Budget and Evaluation Manager, sought to head off public outcry in response to potential misinformation during property revaluation processes that other local governments had put into effect over the previous several years. His tool of choice was the informational video. Hunter's education and work experience provided him with a solid understanding of the communication skills needed to make video presentations appropriate.

In collaboration with the city's video production specialist (whose primary duties focus on Rocky Mount's government cable television channel) and a graduate management intern (a School of Government Master of Public Administration student), Hunter created the first videos in 2009; updates were prepared by the team in 2010 and 2011. The costs to produce the videos consisted only of the time of the employees and interns, as all equipment and facilities were part of regularly budgeted activities.

The video, "BUDGET 101 SERIES: City Budget Presentation," is not tied to a particular city budget. Rather, it addresses budget elements, rules and regulations, and preparation and management issues. Video segments run between 90 seconds and three and one-half minutes; viewers can choose which segments to watch. (See Appendix 4 for more details on the Rocky Mount video series.)

---

6. The idea for these videos came from Kenneth Hunter, Rocky Mount's Budget and Evaluation Manager.

Obtaining High-Quality, High-Turnout Citizen Input on Local Government Budgets

Effectively involving citizens in the local government budgeting process can be a real challenge. Some key roadblocks faced by government officials can be summarized as follows:

- People **may not be especially well-informed** on budgeting issues. This can cause any number of problems, including
  - citizens might misunderstand what services are provided by cities or counties in North Carolina;
  - incorrect assumptions could be made regarding the handling of the public debt; and
  - confusion could arise about separate accounting for enterprise funds (such as those for solid waste, water, and wastewater programs and services) and funding for other programs and services.
- **Participation** by citizens can be **episodic** and take place **late** in the budget process, causing, perhaps, a perception that public opinion is not being "heard" or valued.
- **Limited citizen focus**. Frequently, members of the public will emphasize only certain services or programs and will mobilize to oppose or support a particular item without considering or offering alternatives. As a result, the full budget picture may not be taken into account, and decisions may be made in a vacuum.
- Elected officials, top administrators, and citizens may have **different goals and expectations** about budgeting matters, making decision making (and maybe even discussion) difficult.

Many officials and administrators have worked to engage more and more people in budgeting matters and to tackle the issue of limited citizen focus (Beckett and King 2002). However, these efforts at outreach have failed to consistently attract groups that reflect the makeup of the wider community. The best overview of theory and research on citizen participation in budgeting finds critical gaps in knowledge, along with three familiar "practical participation problems":

1. The design of an "involvement process" (involving things such as when a participatory event is held, how people are expected to contribute their time and opinions, etc.) affects who participates in it. Each design tends to attract certain kinds of participants but rarely a representative group;
2. Particular mechanisms for involvement foster one-way communication—productive two-way communication is elusive;
3. Public officials and administrators rarely set clear goals for citizen input in the budgeting process (Ebdon and Franklin 2006).

Researchers (e.g., Berner, Amos, and Morse 2011; Franklin, Ho, and Ebdon 2009; Ebdon and Franklin 2006; Ebdon and Franklin 2004; Ebdon 2002) studying the issue of citizen input on budget matters have looked at different methods for communicating with and drawing into the process as many people as possible, and these methods include public meetings, focus groups, simulations, surveys, and citizen committees. Unfortunately, the research does not coalesce into findings on which strategies are effective under what circumstances. An illustration of this point comes from a 1999 survey of North Carolina city and county officials that found that the citizen involvement method perceived as being most effective and the one considered least effective were one and the same: public hearings (Berner, Amos, and Morse 2011).

Translating what is suspected to work into practical guidance for local officials has occurred only rarely. The authors of a guide designed for local officials (Marois et al. 2010, 3) outlined the following six approaches for engaging the public in the budgeting conversation:

1. Education and outreach
2. Surveys
3. Advisory committees
4. Workshops
5. Deliberative forums
6. Relationships with existing neighborhood councils and committees

This guide is extremely useful. Each of the approaches is described briefly, there are "Key Elements" and "Keep in Mind" sections that are clear and interesting, and brief illustrations are provided.

In my experience, each of the various participation tools has both plusses and minuses. For example, public meetings, as a rule, are relatively low cost, open to all citizens, and offer an easy way for more motivated residents to have their say. However, such meetings often do not reach a wide segment of the community and tend to offer varied and far-ranging topics without any ranking, comparison, or suggested compromises. Surveys provide a more structured way to gather specific information from the public, but they can be costly to conduct and do not allow for direct communication (involving both interaction and education), as public meetings do (Ebdon and Franklin 2006, 440).

The basic question underlying the research on public input on budget issues—not to mention running through the information presented in this bulletin—is precisely what constitutes *effective* participation by citizens? The answer to this question depends on who, exactly, is judging the goals and methods for participation. Maureen Berner, Justin Amos, and Ricardo Morse (2011) offer a good, North Carolina–focused study of the different stakeholders involved in the area of public participation in budget matters. The stakeholders identified there were citizens,[7] high-level public administrators, and members of elected boards. The researchers asked each group what it thought "effective participation on local government budgeting" meant. The expectations of each constituency differed. For example,

> . . . elected officials tend to define effective public participation by reflection and a lack of citizen complaints. For staff, [this same term] means providing information to the public and encouraging them to act as macro-level community advocates[,] . . . thus making informed citizens a valuable resource to get other members in the community to understand tough, controversial, or pressing decisions made by local officials. [Staff members] want citizens to be advocates for the organization out in the community as much as they want to hear from citizens what "the community" thinks.

---

7. In this exploratory study, which examined only four larger cities in North Carolina (meaning those with populations above 50,000; there was no focus on counties or their budgets), the citizens interviewed by the researchers were what could be categorized as high-involvement individuals—all were active on neighborhood or government advisory boards. Therefore, we can almost certainly conclude that they were not a representative slice of the overall population.

Citizens view effective participation through a different lens. Overall, [they] believe an effective participation system should include two-way communication (between all three stakeholder groups), more opportunity to be heard earlier in the process (not in late May at the budget public hearing), and involvement in honest dialogue with staff and elected officials regarding the budget and [the citizens'] role in the process" (Berner, Amos, and Morse 2011, 158–59).

Some of the variation between the three groups' interpretations of what effective participation looks like reflects the tension of competing democratic values—that is, citizens working through representatives (where the latter tries to best judge and balance the various opinions and interests of the former) versus grassroots engagement and control coupled with observable impact on budget decisions (Callahan and Yang 2009).

Community Meetings: Listening Is Job One

Meeting with people in neighborhood groups, business or professional associations, or in other community settings about city/county budget issues can be both challenging and rewarding. It may sound overly simplistic, but it is worth stating: A large part of successfully soliciting public participation involves officials and administrators actually—and actively—listening to what their constituents have to say. While input from city and county residents often happens informally and in many different ways, having a specific, easy-to-implement model for managing participation at community meetings is quite useful. The template presented below incorporates the following four goals:

1. Provide basic information to the group
2. Maximize the probability that concerns shared by most of the audience will be addressed
3. Reduce the risk that one person (be it an official or administrator or a citizen) will dominate the conversation
4. Maintain a moderate level of control over questions and answers

Figure 2 summarizes the steps in the model that follows.

Figure 2. Outline for a Successful Community Meeting on Budget Issues

Preparation/Pre-Meeting

- Make copies of the city/county's budget fact sheet; bring fact sheets, along with index cards (described more below), to community meeting

At the meeting

- Distribute budget fact sheets and index cards to members of audience
- After sufficient period of time, gather up cards, sort for common questions and themes
- Answer all questions on cards
- Keep track of any "follow-up items" that may have cropped up
- Close meeting with a summary of issues and discussion

After the meeting

- Share your meeting experience with fellow elected board members/administrators

Under this approach for conducting community meetings, public officials and administrators are not required to promise anything to audience members other than that they will listen to their ideas, opinions, and concerns, and citizens are not expected to understand complex budget data before expressing their views. The assumption underlying this meeting approach is that one or two elected officials will be the ones presenting the budget information. Other staff members can help out but, as is explained below, their role should be a fairly limited one.

TEMPLATE

Community Meeting—Preparation Phase. Making duplicates of the city/county budget fact sheet is crucial, and doing so should not be too costly if, as suggested above, this document's length is kept relatively short. If cost is a factor, though, a laptop computer can be brought to the meeting and used to display the fact sheet to everyone. The fact sheets should, ideally, be distributed as citizens arrive or as the meeting starts. Having fact sheets in hand will help citizens formulate questions to be discussed at the meeting and may even answer some of their questions before discussion begins.

Index cards are also key to a successful community discussion. For many people, informal question-and-answer periods (where there is no set order as to who speaks first or for how long) are the most familiar (and often most preferred) way to conduct the conversation. However, there are potential drawbacks to this less-regimented approach. For example, more talkative people might dominate the meeting and one or a few people may take up more time than is equitable.

To maintain an informal feel yet still add some structure to the proceedings, officials and administrators should pass out index cards and ask audience members to write on them a particular question or a short phrase about an issue or concern they would like to have addressed. No subjects should be off-limits, and citizens should be given a sufficient amount of time to think about and write out their questions or phrases.

Gathering Up and Sorting Index Cards, Finding Common Concerns/Questions/Themes. After an adequate amount of time has passed since the index cards were handed out (you might want to glance around the audience to see how many people are still writing), collect the cards from citizens. If you have a staff person helping you with this effort, he or she can, upon receipt, scan the cards and group them together under similar questions or topics. If you are conducting the meeting without the benefit of staff support, you can simply pick up a card, read it aloud, and ask if other people raised a similar point or concern. Doing this increases the chances of your addressing topics that have widespread interest. Reading three or four cards on the same topic will help ensure that your reply covers all related points on the matter.

Answering Questions, Speaking to Citizen Concerns. As an initial matter, while staff people can be quite helpful at the preparation and card/distribution phases of the community meeting, their role should be far more narrow at the speaking stage. Staff people can rarely comment about or make promises as to what will or will not happen with a proposed budget, as it is the board or council who makes budget decisions. Members of the staff can explain certain laws, rules, or constraints, however.

By contrast, officials and administrators can—and should!—respond to citizen questions, concerns, and opinions about things such as what services should be preserved, what items should be cut, where money is being wasted, etc. By emphasizing that final budget decisions are up to the whole board/council and not just the individual(s) who is/are conducting the meeting, officials wisely remind citizens that any priorities expressed or promises made might not align with the majority of the board/council.

TIPS FOR REPLYING TO CITIZENS AT COMMUNITY MEETINGS ON THE BUDGET

Refer to the budget fact sheet. Your answers may well come straight and fully from this source, and, even if they don't, providing a good, thorough answer might begin with citing the information on the fact sheet, then supplementing it with other facts or information.

Example: In answering the question "Have you reduced the number of employees in county government?" officials and administrators can look at the fact sheet and talk about overall county spending, job changes by department, and data relating to specific positions (such whether they are open or have been filled). Of course, a likely follow-up question (this topic is discussed below) is "Do you expect more reductions in county government jobs?" An official or administrator could look at projections about general employment on the fact sheet, if they are listed therein, and base his or her answer on this data, using phrases such as "there is a possibility of . . .," but doing so could be problematic. Unemployment is such a sensitive and emotional issue for people, especially in our current economic climate, and language such as "possibility" could easily be interpreted as "likelihood" or "certainty," leading to all sorts of problems. An acceptable answer in these circumstances might be "Yes, we have to consider budget cuts that could lead to layoffs. But it is too early to be specific, and any attempts at specificity could make people fearful without good reason."

Acknowledge the concern that has been raised. When officials and administrators pay close attention to the opinions or concerns that motivate citizens in asking particular questions, they demonstrate awareness of the second goal discussed in this bulletin, listening. It is important to stress that the point here is merely to show understanding of the underlying concerns, not to make a judgment about the validity of the opinion/question or to agree or disagree with the citizen's view.

Example: If a member of the audience at a community meeting asks the question "Why are sewer rates so high?" a logical answer would involve discussing recent changes in sewer rates or comparing the city/county's rates with those charged in neighboring communities. An official or administrator might even offer his or her own opinion as to whether the rates are high or not. But taking a different approach might lead to better results. First, the official or administrator can acknowledge that the citizen's concerns about the sewer rates may be about fairness, about whether today's fees adequately reflect the current and anticipated costs for the sewerage system, or about whether increasing rates will impact the citizen's personal budget. The official or administrator can then go into comparisons of the city/county's rates with rates in other nearby areas, adding information (if it is on hand) about the number of customers subject to the rates, the need to replace older parts of the system, and other relevant issues. In this scenario, the citizen isn't just being hit with explanations and excuses; his or her concerns are being heard, and the data that follows is being tied to those concerns.

Do not deflect or ignore criticism. If a citizen's comment expresses frustration or amounts to criticism, it is easy to feel as if you are being put on the spot. Instead of immediately replying based on personal knowledge, first ask yourself two questions: (a) Is this a particular situation where the citizen wants a specific problem fixed? or (b) Does this implicate the larger issue of resource availability and effective departmental functioning?

Example: Suppose that at a citizen stands up at a community meeting and says the following: "I see a lot of broken playground equipment. It needs to be fixed, so be sure there is money to get it taken care of soon." If, after asking the pair of questions described just above, an official or administrator determines that he or she is dealing with a problem that is limited to one certain playground, then his or her reply might consist of getting the details from the citizen and then promising him or her that the matter will be taken up with the parks and recreation department (or followed up if the citizen has already made a complaint) and suggesting other avenues of assistance. If, on the other hand, it turns out that the citizen's complaint exposes bigger underlying problems, then the official might talk about how, for example, the parks and recreation department's staff and/or budget was recently cut. This won't necessarily make the citizen feel better, but it will show that the official gave serious thought to the problem and did not avoid the issue because it contained an element of criticism.

State your principles or priorities for the budget. Often, citizens and taxpayers simply want to know what lies ahead, what their elected officials personally believe, what promises they are willing to make, and how they can hold their officials accountable. In these situations, where there are no easy answers, officials may just want to respond based on their own beliefs and ideas of budget priorities.

Follow-Up Items. If one question from the audience at a community meeting leads to a second, related question (called a "follow-up"), administrators and officials might be able to quickly address the inquiry if it pertains to information found in the budget fact sheet (which, again, should always be on hand) or in other preparatory materials the official has brought along (for example, in the case of the dilapidated playground, when asked "Who do I talk to at parks and recreation?" the official, referring to a contact sheet he or she packed for the meeting, can give a speedy reply). If follow-up questions cannot be answered on the spot, the official or administrator should write them down, take the inquiring citizen's contact information, and be certain to determine who will get back to the citizen with more information.

Closing Remarks. Although often overlooked, a summary at the end of a community meeting is an important tool for cultivating citizen participation. In reiterating what was said at the meeting, you show the audience that you were listening to them and that you are intent on addressing their concerns and advocating for their interests.

In giving your closing remarks, you might want to simply summarize the topics or concerns that were subject to the most discussion at the meeting ("Concerns were expressed on topics X, Y, and Z, and it seemed like the most interest was in topic Z"). This is an easy way to let a large share of the audience know that you heard what they were saying. You could also make note of a topic on which you need to make yourself better informed. For example, you can say something like this: "Mel, you said you were pretty sure that a neighboring town has lower water and sewer rates than you. I'll look into that. Do you want me to get back in touch with you when I have specific information? Does anyone else want to know how our city/county's rates compare?" Also, it might be useful to comment on subjects as to which, as a result of the meeting, citizens are now better informed. The following observation serves as an example: "I think that tonight many of you learned how enterprise funds work and that there are separate fees and income and separate accounting for things like solid waste, sewer, and electricity services."

After the Meeting—Sharing your experience with other board members. It is only natural for elected board members who did not attend a particular community meeting to be curious about how their fellow board member fared at the event. On top of the curiosity factor, though, is the far more important notion that one member's experience at the meeting can go a long way in bringing the other members up to date about what budgetary topics most concern citizens, Discussing the community meeting at the next gathering of the board would be a simple way to relay information, as would summarizing your thoughts and observations in an e-mail or engaging in informal discussions.

Citizens Absorb Information, Offer Choices and Priorities among Budget Items

Perhaps the most challenging part of involving citizens in the local government budgeting process is getting them to consider the full range of budget information presented and the options outlined, then having them clearly indicate a sense of priorities based on what one hopes is a more-informed viewpoint. Government officials and administrators should work hard to make citizens aware of the "give and take" that is ever-present in the budget process. For example, they should try to convey to the public how preserving services in one area can often lead to

(A) cutting in another area (and, potentially, drawing down the city or county's fund balance, which in turn could increase the risk of an emergency spending need, putting the budget even further out of balance) or (B) a need for new revenue to be raised, perhaps via fees and/or taxes (see Ammons and Fleck 2010).

An especially tricky aspect of this for officials and administrators entails figuring out how to engage members of the public, often in groups, to consider the various budgeting arguments and choices without being viewed as promoting (or discounting) a particular opinion or option.

Exposing citizens to the budgeting process, warts and all, then soliciting their input after having provided them with essential data, can be incredibly valuable. It is an entirely open approach, and it shows the public just how many challenging trade-offs elected officials must make in executing their budgeting duties. Going through most of a city or county's budget information, to say nothing of attending gatherings where the information is discussed and debated, is a big commitment—a commitment, unfortunately, that only a small portion of a city or county's residents seem interested in making. But there is hope: Three promising examples of helping citizens focus on the big picture and choose priorities are presented below.

City of Wilmington: Online Budget Choices for Citizens

Wilmington uses the Internet to invite citizens to produce a "balanced budget" using data proportional to the city's actual budget. This online exercise, called "Take the Budget Challenge," is one of many activities created to gather input from citizens, conduct (and advertise for) outreach efforts (such as community meetings), and more. Please see Appendix 5 for a more detailed discussion of Wilmington's efforts at increasing citizen participation.[8]

The budget challenge models the city's total expenditures by showing $100, which is divided among six service areas and debt service in a way that is proportional to the city's current expenditures:

Streets and Transportation	$10
Parks, Recreation, and Human Services	$ 3
Public Safety	$45
Economic Development and Regulation	$ 4
Public Facilities, Construction, and Maintenance	$14
Government Direction, Support, and Financing	$13
Debt	$11

Citizens who go to the exercise web page are asked to increase or decrease the amount expended in each category if they want to alter the current figures and provide more or less of the particular service. Each service area has a brief description and links for more information about the programs and functions of that service category.

Overall, the city has been pleased with the number of citizens viewing and taking part in the budget exercise. In particular, city staff noted that after the exercise was mentioned in a fall 2010 newsletter, the online page for it generated almost 2,000 views in the month of October and about 600 people completed the exercise. Staff members think (and hope) that the citizen views of the page translate into not just budget game players, but also individuals who have used the website to gather more information about the city's budget.

---

8. The Budget Challenge is increasing in popularity. Please see Appendix 5 for more information.

Morrisville: NC Citizens Academies: Citizens Act as Budget Drafters

In an effort to educate citizens about government functions, some counties and towns use exercises to better explain budget goals and challenges. Seven citizens academies take different approaches to engaging participants in budget analysis and decision making (see Table 2). For example, the Town of Morrisville has an annual citizens academy known as Morrisville 101 (see www.ci.morrisville.nc.us/index.aspx?NID=285) and in one part of the academy, participants are challenged to draft capital improvement plans (CIP) and budgets.[9] With some advance reading, in a 90-minute session small groups work through a budget simulation exercise to evaluate community needs, analyze financial capacity, develop a proposed CIP budget, and present it to a mock city council.

Participant feedback from the citizens academies has been positive. Citizens report that they find learning about capital improvement planning very valuable and that they develop an appreciation for the difficulty of making budget decisions about public monies. See Appendix 6 for details on Morrisville's experience.

School of Government Simulation: Making Budget Choices for Budgetopolis and Bottom Line County

A final model for seeking informed and focused citizen feedback on key budget issues was developed and piloted by the School of Government (SOG) in 2010–11 (see www.sog.unc.edu/node/1104). It provides a simulation of budget decisions facing a hypothetical town (Budgetopolis) or county (Bottom Line) in North Carolina. Budgetopolis was introduced in October 2010 to officials at the North Carolina League of Municipalities' annual conference and was used again in February 2011 by Morganton city officials as preparation for two citizen advisory committees' work on the city's revenues and expenditures for fiscal year 2011–2012 and beyond. Bottom Line was made available in April 2011.

Both Budgetopolis and Bottom Line are game-type simulations that have citizens step into the shoes of their local elected officials to address budget choices in a slow-growth economy. Based on real-life budget situations—such as unexpected developments which call for significant additional cuts as budget planning is under way—the exercise is designed to foster learning and understanding.

The goals of both games are:

 a. Understanding the values that guide budget choices,
 b. Appreciating the necessity of working together as a board and considering different views about budget options, and
 c. Creating a basis for informed discussion of particular city or county budget choices by citizens and elected officials.

The Budgetopolis and Bottom Line games are available to interested localities upon request to the SOG. For a single fee (the amount of which is determined based on the requesting group's unique needs), localities will get an SOG facilitator, technical support, and game materials. Local sponsors determine who participates and handle all on-site arrangements and costs.

---

9. A simplified presentation of CIP information includes a list of possible projects and a "community priority score" for each project. Other elements are operational costs of the capital projects and maximum available monies, based on multi-year revenue projections.

Table 2. North Carolina Citizens Academies: "Hands-On" Budget Education

Location	Program Name	Type of Budget Work	Additional Information
Morrisville	Morrisville 101	Capital improvement budget simulation	• Advance reading • 90-minute sessions • Work in small groups • Tasks: evaluate community needs, analyze financial capacity, develop a proposed CIP budget, and present to mock city council • www.ci.morrisville.nc.us/index.aspx?NID=285
Catawba County	Government for Citizens	Budget game (allocation of $1.00 among programs) involving twelve choices, three of which receive no county money	• One-page document lists twelve programs or functions (e.g., human services, road construction, Catawba Valley Medical Center, solid waste disposal), one per block • The three no-funding "surprises" are to help educate participants (e.g., counties don't do roads; the county "owns" a hospital on paper but its own board runs it on fees, etc.) *Instructions: Imagine you have one county dollar to spend. How many cents would you give to each of the county services seen below? Write your answers inside the blocks, then see how you did when the county manager gives the actual percentages.*
Concord	Concord 101	Participants are given a scenario where General Fund requests are higher than available revenues; must decide how to balance the budget by either raising taxes or making strategic reductions from list of potential cuts	• Your group's job is to prepare a recommended General Fund operating budget for the mayor and city council. Due to current economic conditions, not all departmental requests will be able to be funded. • Work is done in small groups; discussion is for 30 minutes. *Directions: What do you recommend cutting [from list below]? What do you recommend funding? Or, would you raise taxes?* 1. Financial Software (replacement): $ 300,000 2. Additional police officers (new): $480,000 3. Communications radio towers (new): $1,000,000 4. Fire and Life Safety turnout gear (replacement): $100,000 5. Streets and traffic sidewalks (new and replacement): $300,000 6. Customer Care Center part-time staff (new): $45,000 7. Cemeteries (new): $80,000 8. Solid waste and recycling vehicles (replacement): $245,000 9. Economic development—streetscape improvements (new): $ 50,000 10. Culture and recreation—greenways (new): $200,000

(continued)

Table 2. North Carolina Citizens Academies: "Hands-On" Budget Education (*continued*)

Location	Program Name	Type of Budget Work	Additional Information
Cary	School of Government	For proposed cultural arts district, participants consider priorities for particular capital improvements	• Participants work in small groups, acting as if they were the city council • Review data on facilities and anticipated costs, consider debt capacity, tax rate, and fund balance
Raleigh	Raleigh Neighborhood College	Participants review the current city budget proposal and offer their suggestions	• Uses current City of Raleigh budget
Pitt County	Pitt County Citizens Academy	Scenario about budget choices; work in small groups to come to agreement about what to do	• On the last night of the Academy, the finance director divides the class into groups and gives them a simple fictional scenario and asks them to discuss and reach a consensus on how to budget available money • Builds on previous sessions covering departments' activities and goals • Goal: a way to experience what the county commissioners go through at budget time in trying to spread the money around and having to compromise
Winston-Salem	City of Winston-Salem University	Working from a proposed balanced budget, there is a late change: $1.5 million in spending cuts must be made; work is done in small groups, with two weeks to complete the assignment	• Participants act as if they were the city council • Scenarios and numbers are hypothetical • Each option saves $300,000 • The savings amount does not reflect actual service cost reductions; savings are provided to focus attention on service impacts rather than the real savings that might be associated with each option

For more information, contact Lydian Altman, Director, Strategic Public Leadership Initiative, at 919.962.0103 or lydian@sog.unc.edu.

Conclusion

Budgeting by North Carolina municipal and county government leaders entails varying degrees of citizen involvement. Beyond the required public hearing, elected officials have at their disposal a wide array of options for generating interest in the budget process. The most meaningful (and successful) methods for winning public participation will involve informing and listening to citizens, as well as seeking out their views about spending and taxing priorities.

In this bulletin, I have attempted to offer practical tips for improving the budget dialogue and have provided brief reports on traditional and newer methods for enhanced public involvement. I suspect that recent and anticipated job layoffs, service reductions, and higher fees or taxes are likely to stir emotions and generate more public interest in local government budget choices. All of this will, no doubt, also increase the levels of citizen involvement in the budget process.

References

Ammons, David N., and Trevor A. Fleck, *Budget-Balancing Tactics in Local Government* (Chapel Hill: UNC School of Government, 2010), *available for ordering at* http://shopping.netsuite.com/s.nl/c.433425/it.A/id.2358/.f.

Beckett, Julia, and Cheryl Simrell King, "The Challenge to Improve Citizen Participation in Public Budgeting: A Discussion," *Journal of Public Budgeting, Accounting and Financial Management* 14:3 (Fall 2002): 463–85.

Bearfield, D.A., and M.J. Dubnick, "All Mega-Projects Are Local? Citizen Participation Lessons from the Big Dig," *Journal of Public Budgeting, Accounting and Financial Management* 21:3 (Fall 2009): 392–425.

Berner, Maureen, Justin Amos, and Ricardo Morse, "What Constitutes Effective Citizen Participation? Views from Stakeholders," *Public Administration Quarterly* 35:1 (Spring 2011).

Callahan, K., and K. Yang, "Symposium on Citizen Participation in the Budgetary Process: Part I," *Journal of Public Budgeting, Accounting and Financial Management* 21:2 (Summer 2009).

Callahan, K., and K. Yang, "Symposium on Citizen Participation in the Budgetary Process: Part II," *Journal of Public Budgeting, Accounting and Financial Management* 21:3 (Fall 2009): 366 (title page).

Creighton, James L., *The Public Participation Handbook: Making Better Decisions through Citizen Involvement* (San Francisco: Jossey-Bass, 2005).

Ebdon, C., "Beyond the Public Hearing: Citizen Participation in the Local Government Budget Process," *Journal of Public Budgeting, Accounting and Financial Management* 14:2 (Summer 2002): 273–94.

Ebdon, C., and A.L. Franklin, "Citizen Participation in Budgeting Theory," *Public Administration Review* 66:3 (May/June 2006): 437–47.

Ebdon, C., and A.L. Franklin, "Searching for a Role for Citizens in the Budget Process," *Public Budgeting and Finance* 24:1 (March 2004): 32–49.

Franklin, A.L., A.T. Ho, and C. Ebdon, "Participatory Budgeting in Midwestern States: Democratic Connection or Citizen Disconnection?" *Public Budgeting and Finance* 29:3 (Fall 2009): 52–73.

Justice, J.B., and C. Dulger, "Fiscal Transparency and Authentic Citizen Participation in Public Budgeting: The Role of Third-Party Intermediation," *Journal of Public Budgeting, Accounting and Financial Management* 21:2 (Summer 2009): 254–88.

Kelly, Janet M., and William C. Rivenbark, *Performance Budgeting for State and Local Government*, 2nd ed. (Armonk, NY: M.E. Sharpe, 2010).

Kolby, K., "Less Is More: Exploring Citizen-Based Finance Reporting in Local Government," *Journal of Public Budgeting, Accounting and Financial Management* 21:3 (Fall 2009): 367–91.

Leighninger, Matt, *The Next Form of Democracy: How Expert Rule Is Giving Way to Shared Governance . . . and Why Politics Will Never Be the Same* (Nashville: Vanderbilt University Press, 2006).

Marois, Deb, Terry Amsler, Greg Keidan, and JoAnne Speers, *A Local Officials' Guide to Public Engagement in Budgeting* (Sacramento: California Institute for Local Government, Collaborative Governance Initiative, 2010), *available for ordering at* www.ca-ilg.org/budgetingguide.

McGee, Todd, "GOP Gains Majority in 49 Counties," *County Lines* 36:11 (Nov. 2010) (published in Raleigh by the North Carolina Association of County Commissioners).

Pinnington, E., J. Lerner, and D. Schugurensky, "Participatory Budgeting in North America: The Case of Guelph, Canada," *Journal of Public Budgeting, Accounting and Financial Management* 21:3 (Fall 2009): 455–84.

Robbins, M.D., B. Simonsen, and E. Shepard, "Citizens, Budgets and Performance Measures: A Case Study of West Hartford, Connecticut," *Journal of Public Budgeting, Accounting and Financial Management* 21:3 (Fall 2009): 425–54.

Saintamour, William, and Tom Huggler, "Back to the Base: Citizen Involvement and the Budget Process," *Government Finance Review* 26:5 (Oct. 2010): 32–42.

Smith, Karl, Webinar On-Demand, "North Carolina's Economy: Adjusting to the New Normal" (no longer available online; for more information, please contact Publications Marketing and Sales Office, School of Government, Campus Box 3330, Knapp-Sanders Building, UNC–Chapel Hill, Chapel Hill, NC 27599-3330, (919) 966-4119, sales@sog.unc.edu).

Troutman, R., *State of the North Carolina Counties—Managing in a Faltering Economy* (Raleigh: North Carolina Association of County Commissioners, 2010)**.**

Troutman, R., "Economy Continues to Take Toll on Counties," *County Lines* 36:12 (Dec. 2010) (published in Raleigh by the North Carolina Association of County Commissioners): 4.

Weeks, Edward C., "The Practice of Deliberative Democracy: Results from Four Large-Scale Trials," *Public Administration Review* 60:4 (July/Aug. 2000): 360–72.

Zhang, Y., and K. Yang, "Citizen Participation in the Budget Process: The Effect of City Managers," *Journal of Public Budgeting, Accounting and Financial Management* 21:2 (Summer 2009): 289–317.

Appendix 1: School of Government Publications and Web Resources on Public Participation

PUBLICATIONS

John B. Stephens, Ricardo S. Morse, and Kelley T. O'Brien, *Public Outreach and Participation* (Chapel Hill, UNC School of Government, 2011), *available for purchase at* http://shopping.netsuite.com/s.nl/c.433425/it.A/id.2855/.f.

Vaughn Mamlin Upshaw, *Creating and Maintaining Effective Local Government Citizen Advisory Committees,* book and downloadable files (Chapel Hill, UNC School of Government, 2011), *available for purchase at* http://shopping.netsuite.com/s.nl?c=433425&sc=7&category=&search=creating%20and%20maintaining%20citizen%20advisory%20committe.

John B. Stephens, A. Fleming Bell, II, and Christopher Bass, "Public Comment at Meetings of Local Government Boards" (Parts 1 and 2), *Popular Government* 62:4, 63:1 (Summer, Fall 1997), *available at* http://shopping.netsuite.com/s.nl/c.433425/sc.7/category.5689/.f?range=41%2C47%2C47.

School of Government Webinar: *Social Media for Citizen Participation: NC Examples and General Best Practices* (June 30, 2010), *available at* www.sog.unc.edu/node/1509.

WEB RESOURCES

Citizen Participation: www.sog.unc.edu/programs/participation

NC Citizens Academies: www.sog.unc.edu/programs/citizensacademies

Social Media for Citizen Participation: NC Examples and General Best Practices: www.sog.unc.edu/node/1509

Appendix 2: Scholarship and Experience Base for this Bulletin

In putting together this bulletin, I looked primarily to three sources:

a. Guidance documents drawing from the citizen participation literature and reports on particular citizen participation projects on budget and other matters (e.g., Creighton 2005; Marois et al. 2010, and resources from the International Association for Public Participation (or iap2; see www.iap2.org/)).

b. My teaching and advising experience with North Carolina public officials on managing difficult public hearings and my work on projects as a designer and/or facilitator for citizen–public official problem-solving. In October 2010, Dr. Rick Morse joined me to present a workshop on local government budgets and citizen participation to N.C. city officials. About forty people attended, and the ideas of a "basic budget information template" and "community meeting template" were received with generally positive response. Since 1998, I have taught two to four workshops each year (involving an estimated 200 public officials) on planning for and managing strong emotions in public hearings or meetings convened by local government officials. I have offered techniques for informing citizens and addressing public concerns. I have benefitted greatly from the experience and reflections of participants in those workshops.

c. North Carolina city and county efforts (and a few examples from outside the state) on budget development and adoption, undertaken with the goals of informing citizens and responding to their concerns.

In General

While the public administration research on citizen participation can be helpful, much of it is fairly removed from the near-term interests of, and the barriers encountered by, local government officials who are addressing budgeting and citizen participation issues.

Contributions from peer-reviewed journals and academic or other studies are important. However, we are far from having definitively identified conditions and goals for public participation, from a uniform application of techniques, and from the achievement of predictable results. The following summarizes some recent key that endeavor to address these issues.

- Berner, Amos, and Morse (2011) provide an exploratory study of the understanding of "effectiveness" for public involvement in local government budgeting. While clearly being relevant to this bulletin, the study's data come from four North Carolina cities where interviews were conducted with elected officials, administrators, and citizens. Effectiveness of public participation was found to have different meanings for these three sets of stakeholders, as is discussed at page 11, above.

- *Performance Budgeting for State and Local Government* (2010), a general text on local government budgeting by Janet M. Kelly and William C. Rivenbark, addresses citizen input on evaluating services and in budget development. The authors discuss the normative basis for citizen involvement and note the weaknesses of budget hearings coming late in the process. They also note Kolby's 2009 research finding that simplified or "popular" reports on local budgets may not improve citizen engagement. Kelly and Rivenbark think that

it may take time for popular reporting to have impact. Moreover, while it may enhance transparency and accountability, it may not spur higher participation (pp. 169–70). The authors close with a case study of Fairfax County, Virginia, which addresses large-scale community meetings in the face of limited revenue options, a significant need for cuts, and concerns felt by public officials about how citizens would respond (pp. 171–73).

- A 2010 report by William Saintamour and Tom Huggler aimed at a practitioner audience frames its discussion in terms of "customer and product" and relies on satisfaction surveys to measure budget preferences and priorities. The report's use of short cases from four communities may be of interest to practitioners because it is clear and specific about goals and activities. The authors rely on outside consultants for conducting and evaluating survey data, however.

- Two symposia within the last ten years in the *Journal of Public Budgeting, Accounting and Financial Management* (*JPBAFM*) have addressed citizen participation concerns. Beckett and King (2002) provide the overview article of a 2002 *JPBAFM* collection. These authors focus on better, improved participation across varied methods and goals. They emphasize: "The short story here is that people/citizens are participating in budgeting and fiscal matters. The problem is that this participation is typically uninformed and note made in *engagement* with those who have the expertise to ensure that decisions being made are informed decisions" (Beckett and King 2002, 467). Other articles in the 2002 collection address who participates, when and where participation occurs in budgeting, and particular ways of "expanding" participation in the budget context. For readers interested in particular techniques, Beckett and King offer a nice list of some creative and ongoing efforts to include citizens in local government budget decisions "that expand on the indirect strategies typically used" (Beckett and King 2002, 477). "How are participation approaches determined to be a success?" is the big question Beckett and King address. They offer a range of easily measured, short-term indicators. Other sorts of measures discussed are cognitive ("education and knowledge building") and evaluative ("support for government actions"). Although, given citizens' interest in engagement and their influence on the process and content of budgeting, the authors point to potentially "unmeasurable" but essential elements:

  > If the processes of citizen participation include allowing questions, discussion and an exchange of ideas as part of the democratic responsibility of government, then other measures may be needed. The type of public process envisioned in participation serves an essential purpose that the best designed empirical research may not capture. It provides opportunity for comments and response that are not preconceived by the researcher. (Beckett and King 2002, 481)

- In the 2009 *JPBAFM* symposium, Callahan and Yang frame the question for their collection of articles as "[T]o what extent should citizens be involved in the budgetary decision process?" (Callahan and Yang, 2009, 248)

- Carol Ebdon, Aimee Franklin, and their various co-authors have made good contributions to the field (see Franklin, Ho, and Ebdon 2009; Ebdon and Franklin 2006; Ebdon and Franklin 2004; Ebdon 2002). Their research identifies four general elements of citizen participation in budgeting—environment, process design, mechanisms, and goals and outcomes—as well as variables within each element (Ebdon and Franklin 2006). The researchers conclude with an Impact Model, which shows a continuum from least

supportive to most supportive of citizen participation. They also align different goals and outcomes with more short-term (and easier to measure) outputs and more long-term (harder to measure) impacts.

- On the "high end" of significant learning, exchange, and depth of citizen involvement, a variety of academic contributions and practical tools could be relevant for application to local government budgets. Descriptions of significant engagement efforts on public budgeting are reported by Leighninger (2006); case analysis is undertaken by Weeks (2000); and data are summarized by Ebdon and Franklin (2006, 440–41). Short illustrations make up the majority of the work by Marois and colleagues (2010).

Additional Information

Cases (often stories or short reports), projects, collections of techniques and tools are offered by the Participatory Budgeting Project (www.participatorybudgeting.org/); the National Coalition for Dialogue & Deliberation (http://ncdd.org/); and the Deliberative Democracy Consortium (www.deliberative-democracy.net).

Participatory budgeting was initiated in 1989 as a means of neighborhood-level control of specific infrastructure or services in Porto Alegre, Brazil. It values large-scale, direct deliberation and decision making. Pinnington, Lerner, and Schugurensky (2009) summarize previous research/reports on uses of such participatory budgeting in hundreds of cities in Brazil, Latin America, Europe, Africa, and India. They report on one of the first North American experiments, in Guelph, Ontario, Canada, which took place between 2003 and 2007. The one U.S. participatory budgeting case comes from a Chicago alderman who in 2009–10 used large-scale group deliberation and decision making regarding $1.3 million dedicated to his ward. (For details, go to the Participatory Budgeting Project's website, at www.participatorybudgeting.org/, select the tab called "Projects," then choose "Chicago's 49th Ward" from the pull-down menu.)

Appendix 3: Simplified Fact Sheet for Local Government Budget Information

This appendix is comprised of the following:

- A "Template with Comments" providing further explanation about informational categories
- An illustrative fact sheet using data from Harnett County

TEMPLATE WITH COMMENTS

Fact Sheet for Carolina County/City Budget

1. BUDGET TIME PERIOD—Carolina County/City of Carolinaville must adopt a balanced budget by June 30, 2011. The budget covers the period July 1, 2011, to June 30, 2012

COMMENT: A more complex version can describe the multi-year capital improvement budget.

2. REVENUE SOURCES
    A. The primary revenue comes from property taxes =____%
    OR
    B. Most of the county/city's revenues come from three sources:
        Source 1 =___%
        Source 2 =___%
        Source 3 =___%

COMMENT: List no more than three basic facts to make budget data easy to follow. This is preferable to trying to summarize all revenues, especially since trying to cover separate funds and revenue streams can be confusing.

3. PROPERTY TAXES
    A. Current and recent tax rates: _____
    B. Comparison Information from similar jurisdictions: _____

COMMENT: Show whether the property tax rate has changed, especially in connection with property revaluation. Comparison information from other jurisdictions may be useful.

4. EXPENDITURES—Three facts about recent spending and spending changes:
    A. The largest expenditure areas are typically for
      - Cities: e.g., **public safety** (fire and police) plus one or two other categories
      - Counties: e.g., **education** (K–12 and community college), **human services/health**, plus one or two other categories
    B. CHANGE—There have been no raises for employees since X date

C. CHANGE—Employees have had less take-home pay (in the face of increased expenses, e.g., higher health care costs)

COMMENTS: A reasonable goal is for citizens to understand the general magnitude of spending areas without getting lost in a long list of figures.

For counties, information about formula funding and comparison of county allocations to education (mainly for infrastructure) and state/federal sources (for teacher pay, etc.) may be helpful.

If employee take-home pay has gone down and this fact needs to be relayed (which may be likely in many localities due to higher health insurance or retirement costs), rather than putting out a bare statement that "Employees have had less take-home pay," officials could note that employer contributions to retirement have been reduced in recent years.

5. REPAYING LOANS—Carolina County/City of Carolinaville must repay bonds that are being used for capital/infrastructure projects (such as X project). The amount that must be repaid is
$___ for 2011–12, which will change to $___ by 2015–16.

COMMENT: While "debt service" is the technical term, using more common language will focus on similar long-term obligations that individuals and families face (e.g., mortgages, educational loans, car loans, etc.).

6. RESPONSES TO TOUGH TIMES—Facts about increasing revenues, decreasing expenditures, and effects on efficiency/services provided/number of government employees, etc.
   A. EFFECT—The County/City will attempt to add to revenues by X, while at the same time cut costs by X
   B. EFFECT—By looking at how and where services are provided and adjusting service provision to, e.g., avoid duplication, more efficiency in X service area can be achieved
   C. EFFECT—By reducing revenues, services will also need to be reduced

COMMENT: Many jurisdictions can point to management and program changes effected to achieve greater efficiency. Probably many more have had to reduce services due to budget constraints.

7. BUDGET DECISION MAKING—A few facts
   A. The Mayor/County Commission Chair cannot veto the budget; the budget is decided by majority vote of the City Council/County Commission.
   B. The Mayor/County Commission Chair or the City/County Manager cannot make major changes after the budget is passed; only a majority of the County Commission /City Council can change the budget during the July 1, 2011, to June 30, 2012, time period.

COMMENT: An important contrast with many businesses and state and federal constitutions, where a single person can decide or veto others' actions, citizens should know about this focus on group control. In particular, they should know that top administrators have very little discretion when it comes to budget changes and even when they do exercise such discretion, it is only to the degree authorized by the elected body.

FACT SHEET FOR HARNETT COUNTY BUDGET FISCAL YEAR 2010–11

BUDGET TIME PERIOD: Harnett County must adopt a balanced budget by June 30. The current budget covers the period July 1, 2010, to June 30, 2011.

REVENUE SOURCES: Most of the county's revenues come from two sources:
    Property taxes = 49% (land and automobiles)
    State and federal government = 19% (mainly for health, social services)

PROPERTY TAXE RATE: 72.5 cents per $100.00 (was 73.5 cents until property revaluation in 2009)
    Comparison counties:
        Johnston: 78.0 cents per $100.00 (FY 10–11)
        Nash: 67.0 cents per $100.00 (FY 09–10)
        Union: 66.5 cents per $100.00 (FY 09–10)

EXPENDITURES: The largest expenditure areas are:
        Human services—26% (public health, social services, mental health)
        Public safety—23% (sheriff and jail)
        Education—21% (K–12 public schools + community college)

REPAYING LOANS: Harnett County must repay bonds for infrastructure projects (such as new or renovated schools and the water system). The amount we must pay is: $ 20.84 million for FY 2010–11, which will drop to $19.970 million by FY 2015–16 (assuming no new bonds are issued).

RESPONSES TO TOUGH TIMES

Drawing down fund balance—necessary due to steady decline over the last three years, in order to maintain services with lower revenue
   • No cost of living raises for employees since 2008
   • Ended employer contributions to employees' 401(k) plans
   • Implemented early retirement incentives (about 50 people participated)
   • More efficient use of animal control officers for field calls

BUDGET DECISION MAKING: GROUP CONTROL

The County Commission Chair cannot veto the budget. The budget is decided by majority vote of the County Commission.

The County Commission Chair or the County Manager cannot make major changes after the budget is passed: only a majority of the County Commission can change the budget during July 1, 2010, to June 30, 2011, time period.

Appendix 4: Municipal Budget Informational Videos—Rocky Mount Gets It Right

Discussed below are two components of Rocky Mount's "Budget 101" video series (see www.rockymountnc.gov/cityvideo.html, the city's video on demand Web page), along with some background on the video-making process and a more detailed description of the budget information conveyed.

> BUDGET 101 SERIES: (General) City Budget Presentation
> (Broken Down by Topic and Length of Video Segment (in Minutes))
>> Budget Overview—3:24
>> Budget Elements—1:56
>> Budget Rules & Regulations—1:44
>> Budget Preparation—2:44
>> Budget Management—1:36
>> Conclusion & End Credits—1:12
>
> BUDGET 101 SERIES: Fiscal Year 2011 Annual Budget Overview
> (Broken Down by Topic)
>> Budget Overview
>> General Fund
>> Utilities
>> Other Funds
>> 2011–15 Capital Improvement Program (CIP)

Despite a running time of under twenty minutes (nineteen minutes, forty-three seconds, to be exact), the "Fiscal Year 2011 Annual Budget Overview" video manages to address key parts of the city's budget. Rocky Mount's Budget and Evaluation Manager, Kenneth Hunter, is the presenter, and graphics are interspersed throughout the video explaining the kinds of funds used in budgeting and the percentage of the overall revenue going to each fund. Hunter defines the term "fiscal year" and explains how utilities are "enterprise funds" with income from user fees.

"Fiscal Year 2011 Annual Budget Overview" also shows how $1 of tax revenue is spent (e.g., over one-half goes to police and public safety activities). Further, the city council's priorities are explained and listed: community reinvestment; neighborhoods; economics opportunities; and public safety. Steps to cut expenses, such as freezing open positions and delaying equipment purchases, are discussed.

Hunter reports in the video that there will be no property tax rate increase for fiscal year 2011, no change in the rates for water and sewer services, and no anticipated increases in utility rates (i.e., electric and gas). He states that there will be rate increases for solid waste and stormwater management and explains that "other funds" includes, for budget purposes, the city's appropriation to city schools and separately accounted funds such as monies from the state government for E-911 services and certain road, sidewalk, and streetscape maintenance or improvements.

Finally, Hunter summarizes Rocky Mount's five-year capital improvement program, describing revenue sources and offering an overview of the kinds of projects by category of work (e.g., general government, transportation, electric, gas, water, sewer, or stormwater).

The video is not at all flashy in my opinion—it uses one location for shots of Hunter and relatively simple graphics showing figures on revenues and expenditures. Bridging music provides a transition between segments. Most of the video consists of shots of Hunter, headlines emphasizing key points, and graphs showing revenues, funds, and expenditures.

The Budget 101 videos were produced for broadcast on the city's government cable television channel, with frequency fluctuating in relation to proximity to budget reviews and adoption of the annual budget. Videos are also made available for free viewing, anytime, on the city's website (see address above).

Response to the video series has been generally positive, Hunter reports. Unfortunately, there is not more specific feedback because the city does not collect data on who accesses the videos. Most feedback comes from citizens making comments to Hunter about the segments they saw on cable television.

Appendix 5: City of Wilmington, Citizen Outreach and Education—Fall/Early Winter 2010 Budget Input for FY 2011–12

Context

Wilmington has responded to the recent budget crisis with cuts in operating expenses, significant reductions to infrastructure and maintenance spending, a freeze on employee raises, and a suspension of city government matching contributions to employees' retirement funds. For the Fiscal Year 2010–11 budget, the city council closed a projected revenue-expenditures gap through a combination of spending reductions and a property tax increase of 3.5 cents/$100 valuation—only the second such increase in the last decade. Top managers are concerned that employees need—and deserve—some kind of additional compensation to be able to afford higher health care costs and to stem the potential loss of employees to other employers.

Leaders foresee budget problems for Fiscal Year 2011–12 of equal or greater magnitude to those seen in recent years. As of mid-December 2010, the projection for Fiscal Year 2011–12 was $84.6 million in revenues and $91.9 million in expenditures (*Star-News*, Dec. 18, 2010).

July 1, 2011, is the target for the next three-year cycle of citywide strategic planning. The city council has identified key areas of focus and its staff has lined up services with performance measurements. Thus it makes sense to incorporate the budget development process with the council's prioritization of key focus areas.

One way the city has tried to measure priorities in both the budget itself and in the council's focus areas is through a citizens' survey. The city hires an outside firm to conduct a statistically valid survey every two years to rate and prioritize city services. This is followed up by a similar survey of employees, which also includes some questions about working conditions.

Outreach/Gathering Viewpoints

To help educate citizens about the city's budget and thereby garner greater support and understanding, the city has implemented several strategies since 2009, including the following:

- 2009 Citizen Survey
- 2010 Employee Survey
- 2010 Employee Focus Groups
- Public Education Meetings
- Online Budget Challenge

Public education meetings were introduced recently to obtain input from citizens about spending priorities and what the council should focus on for the next three years. Five such meetings were held at churches and city council chambers, with one sponsored by a homeowners association (HOA) (see Sidebar 1).

Note: The content of this appendix is based upon a review of Wilmington's website and interviews with Lynn Hein, the city's budget director, and Malissa Talbert, its communications manager.

Sidebar 1: Wilmington Education Meetings on the Fiscal Year 2011–12 Budget

- October 14, 2010, at Winter Park Baptist Church, 6–7:30 p.m.
- October 18, 2010, at the New Hanover County Arboretum, 6–7:30 p.m.
- October 26, 2010, at City Council Chambers in City Hall, 6–7:30 p.m.
- January 12, 2011, at Tileston School, Residents of Old Wilmington HOA, 7–8 p.m.
- January 27, 2011, at Sunset Park Baptist Church, 7–8 p.m.

A representative from almost every city department attended each meeting to respond to questions/comments in their respective areas of responsibility. The format for each meeting was an overview of the city's budget to the larger group, followed by facilitated small-group discussions (with up to ten people per group). The small groups provided greater opportunity for in-depth discussions and questions and for citizens to give input on the council's key focus areas. Educational handouts about the city's budget and questionnaires were provided at each session.

The first meeting had low attendance, but the remaining gatherings have had good numbers, with high levels of engagement and interest from citizens. More than 100 citizens in total attended the workshops.

The advantage of this approach was to create a more personal setting which allowed more direct discussion, more time for citizens to ask more questions, and the opportunity for public to talk with senior management staff about issues one-on-one. Questions from citizens ranged from points of clarification (e.g., "I don't understand how stormwater fees work. Can you explain?") to more detailed challenges about the wise use of city resources.

Comments and questions from the meetings were included in a December 2010 preliminary report that was presented to the city council.

Employee input was gathered through a survey similar to the citizen survey as well as through two focus groups. Each focus group consisted of six to eight people who were representative of departments but were not part of the executive staff. The topics and questions addressed in the focus groups explored key findings from the employee survey.

A brief report on the citizen and employee surveys, public forums, and employee focus groups was included in materials for the December 17, 2010, city council workshop on the Fiscal Year 2011–12 budget. A full report with detailed findings is being compiled and will be presented to the city council this spring.

Online Exercise: Wilmington's Communications Office developed an online interactive budget exercise to help educate citizens about how the city spends money, as well as to help identify budget priorities. The city's work follows similar efforts by the city of Chandler, Arizona, and other cities that offer online budget balancing exercises.

Most of the work for the interactive exercise was done in-house, but some programming and web posting was performed by an outside contractor for about $2,200. The website will be updated in future years by city staff.

The "City of Wilmington Budget Challenge" models the city's total expenditures by showing $100, divided proportionally among six areas of service plus debt service (a fixed amount). Citizens are asked to increase or decrease the amount allotted to each category, listed below, depending on whether they want more or less of a particular service. A running total is shown at the bottom. Each service area has a short description with links for detailed information about what the particular service elements are.

Also, current budget allocations are shown, and citizens can change those amounts for a "preferred budget." Finally, as changes are made to decrease spending in an area, the "Impact from Budget Change" is explained. See the example below, which shows the effect of certain citizen choices (in bold):

CATEGORY—**Streets and Transportation** $10

Reduce: Less street or sidewalk paving and maintenance; reduced response time to requests for street, sidewalk, or traffic signal repairs

Significantly reduce: Very little street or sidewalk paving and maintenance; significantly reduced response time for street, sidewalk, or traffic signal repairs

Eliminate: No street or sidewalk paving or maintenance; no traffic signal operations; no funding for WAVE Transit, the public bus system

CATEGORY—Parks, Recreation, and Human Services $3

Increase: More funding for park and community center staffing and programming, non-profit agencies

Reduce: Fewer programs for youth, including after school; fewer senior programs at community centers; less funding for non-profit agencies

Significantly reduce: Very few if any programs for youth or seniors; very limited funding for non-profit agencies

Eliminate: No staff for parks or downtown services; no programming for city's three community centers; no funding for non-profit agencies

CATEGORY—Public Safety $45

Increase: More police officers for patrol, criminal investigations; more firefighters

Reduce: Fewer police officers and firefighters, fewer patrols and arrests

Significantly reduce: Significantly reduced number of police officers and firefighters; little to no crime or fire prevention; very limited traffic control and emergency response

Eliminate: No police or fire protection

CATEGORY—Economic Development and Regulation $4

Increase: More code enforcement officers; faster review of zoning requests and development proposals; more funding for economic development agencies; faster processing for federal affordable housing loan program

Reduce: Fewer code enforcement officers; slower review of zoning requests and development proposals; less funding for economic development agencies; fewer staff to oversee federal affordable housing loan program

Significantly reduce: Fewer code enforcement officers; very slow response to requests for zoning changes and review of development proposals; little to no funding for economic development agencies; very slow response to requests for loans through federal affordable housing loan program

Eliminate: No code enforcement; no development review or zoning proposals; no funding for economic development agencies; no administration of federal affordable housing loan program

CATEGORY—Public Facilities, Construction and Maintenance $14

Increase: More staff to make repairs and install new paving for streets, sidewalks; quicker design and construction of city improvement projects

Reduce: Fewer staff to make repairs and install new paving for streets and sidewalks; slower response time for repairs; fewer staff to design and build city improvement projects

Significantly reduce: Very few staff to make repairs or install paving for streets and sidewalks; very slow response time for repairs; longer time to design and build city improvement projects

Eliminate: No paving or repairs of city streets or sidewalks; no construction of city improvement projects

CATEGORY—**Government Direction, Support, and Financing** $13

CATEGORY—**Debt** $11

Staff members have been pleased by the response to the exercise. When the city's online fall newsletter was posted in October 2010, it received nearly 2,000 page views. The staff think this indicates that a significant number of citizens have used the website to gather more information about the city's budget. In addition, more than 300 citizens have completed the exercise. The results of the online budget challenge track closely with results from the 2009 Citizen Survey. Spending priorities for the seven identified spending categories did not change more than 1.5 percent from actual spending to citizen priority spending.

See Online Wilmington Budget Information, www.wilmingtonnc.gov/city_manager/budget_fast_facts.aspx, especially the following links/topics:

- Budget Challenge
- Budget home page
- Adopted FY 2010–11 budget
- Budget Basics newsletter
- Where the city gets money
- Where the money goes

Appendix 6: Morrisville 101: Capital Improvement Budget Simulation

Since 2008, the Town of Morrisville has held an annual citizens academy, known as Morrisville 101 (see www.ci.morrisville.nc.us/index.aspx?NID=285). As part of the program, participants face the challenges of drafting capital improvement plans (CIP) and budgets. Working in small groups, they go through a budget simulation exercise, where they must evaluate community needs, analyze financial capacity, develop a proposed CIP budget, and present it to a mock city council.

Budget Director Jeanne Hooks reports that this exercise is original: in creating it, the town did not draw from any existing model. The simulation was inspired, in part, by School of Government exercises for North Carolina local government officials, where participants break into groups and address budget planning and decision making.

The 2010 edition* of the simulation introduced participants to the services and functions of city government in Morrisville over the course of one and one-half days (it ran all day Saturday and part of the day on Sunday). The CIP budget exercise occurs toward the end of the academy, once participants are better informed about town government.

Morrisville 101 was conceived by Town Manager John Whitson, and Public Information Officer Stacie Galloway manages the program. The capital improvements budget exercise was designed by staff from the Budget, Finance, and Information Technology Department. The designers chose a capital improvements focus because those projects are "things people can see," are big investments, and provide for a more reasonable scope of discussion than the annual operating budget would.

Modified from town documents, the simplified presentation includes a list of possible projects and a "community priority score" (on a 1-to-5 scale; the results of hypothetical community meetings, where 5 = important, 1 = not important). Other elements are operational costs of the capital projects and maximum available monies, based on multi-year revenue projections.

Groups must choose particular projects, determine in what year to begin each one, and maintain costs within maximum available monies. The simulation is structured to show that not every project can be accomplished based solely on its "score" (the score being the public rating of importance). Participants must balance operational spending and improving capital assets with available revenue resources. For instance, groups will have to decide if a project or projects are important enough to lower operational spending to create capacity within existing revenue projections or generate additional revenue by raising taxes. Some groups discover that certain projects are not at all feasible to do. Staff members explain to them that if they choose to spend more than projected revenues in a given year to accomplish a project(s), the consequence will be drawing down fund balance and impacting the town's solvency.

---

* Ten citizens took part in the 2010 course. The 2008 and 2009 courses consisted of eight sessions held on Thursday evenings. There were twenty graduates in 2009 and twenty-one in 2008.

In addition to offering reading materials in advance of the sessions (a minimum of four), city staffers circulate among and listen to the work groups during the exercise, providing clarification or coaching as needed.

To add a bit more realism, in the small groups of five or six participants, one person is asked to role play the town's finance officer and another to act as a council member. These are the two mandatory roles. Other potential roles to be assumed include fire chief, police chief, parks and recreation director, information technology director, and public works director.

Another realistic element is that a "curveball" from state government—that is, news with a negative impact on the town's budget—is thrown at students about halfway into the exercise. They must adjust to the obstacle.

Town staff report that while individual participants vary in how seriously they work "within their role," all groups work seriously as a whole on the exercise. Each group has a spokesperson, and that individual makes a five-minute presentation to the mock city council (city staff sit in the council chairs) and responds to questions from the council.

The exercise ends with a debriefing which emphasizes the need for, and challenges of, conducting multi-year budgeting; the notion of how good planning maximizes the most "bang for your buck"; and the idea that many factors influence how effectively policymakers can balance available resources with community need. Finally, the point is reiterated that some decisions are not popular but must be made nonetheless to protect a city's solvency.

Participant feedback has been positive and better than anticipated. Staff members are glad to see how seriously the participants take the exercise and how group leadership develops. They also applaud the participants' use of the information and how the exercise seems to balance fun and seriousness. Comments from those taking part in Morrisville 101 include the following:

> "Material was fun and interesting for learning - very engaging!"
> "I have a better understanding of how our taxes are spent and how to provide for present and future. Planning a budget of this proportion is no walk in the park!"
> "This is a fantastic class! Great simulation - Kudos!"

For other jurisdictions considering this kind of budget engagement exercise, the recommendations from Morrisville are as follows:

a. Get your information technology (IT) people involved early. They were invaluable in making complex information more "user friendly" for citizens and in creating attractive presentations for effective learning.

b. Work as a team: Budget, IT, and Finance each had relevant expertise in designing and teaching the CIP exercise.

c. Try pre-testing the exercise on citizens already involved in city government, such as through an existing citizen advisory committee. Benefits of such a pre-test might include helping to educate already involved citizens and having staff receive feedback for improving the exercise.

d. Be careful to balance the time devoted to "giving information" to citizens and time for "hands-on" activity in small groups. Be sure to support the "fun" aspect of the budget challenge.

e. Get to know your students throughout the course and figure out who would make a good group leader. Designate those people as the finance officers in each group. This will save time during your exercise by eliminating a long "Who wants to be finance officer?" discussion.

The major benefits of the citizens academy and the budget exercise have been building longer-term relationships, producing a better informed citizenry, and finding volunteers for other town interests. For example, Budget Director Hooks reports that one citizens academy alumnus is now a volunteer on her Citizen Budget Performance Assessment Panel (CBPAP). CBPAP is a sounding board for "budget and program performance" matters, just started in late 2009. The panel is working on understanding and providing input on types of spending and revenue/expenditure flows through the year and examining "percent of spending month-to-month" for particular departments and functions.

Public Information Officer Galloway has seen every Morrisville 101 graduate become an "ambassador in [his or her] community," in ways large and small, such as helping a neighbor through the process of applying for an irrigation meter or being proactive about a new deck inspected by the town.