Customizing Budget Engagement for your Community

September 12, 2018

Local government staffing needs - paired with the goal of providing an opportunity for unemployed and under-employed veterans to find long-term sustainable employment and continue to serve the community.
About the Alliance

Convene and Engage Networks of Thought Leaders

Provide Training to help Organizations Build and Sustain a Culture of Innovation

Identify, Distribute Leading & Emerging Practices/Trends Important to Local Gov

@BalancingActEP
@MilCoPSB
@NorfolkVA
@transformgov
How To: GoToWebinar

Clicking the rectangle will place you in full screen mode.

Clicking the arrow on your Go To Webinar Toolbox opens and closes your viewer.

All attendees are muted, but we do want your participation!

Please ask your questions using your Go To Webinar Toolbox throughout the webinar.
Panelists

Chris Adams
President and Co-Founder
Balancing Act by Engaged Public

Jeremy Lucas
Senior Budget & Management Analyst
Milwaukee County Dept. of Administrative Services, WI
What’s the WHY?

• “GFOA recommends that governments incorporate public participation efforts in planning, budgeting, and performance management results processes.”
• It’s the “right thing to do” for good governance
  • Transparency
  • Accountability
• Declining revenues/increasing expenses
• Political pressure to reduce spending
• Need for a tax increase
• Structural issues such as legacy infrastructure or pensions
• Get value for sharing financial info beyond just transparency
What’s the WHAT?

• Public Meetings
• PDFs of budget, financial reports
• Checkbooks
• Visualizations of financial info & data sets
  • Static
  • Live
  • Variety of approaches, costs
• Tax receipts
• Simulations
THICK versus THIN

how technology can improve public involvement in the budget process

by MARK MACK and CHRIS ADAMS
### Exhibit 3: Major Outstanding Challenges, and How the Latest Technology Meets Them

<table>
<thead>
<tr>
<th>Challenge</th>
<th>How Technology Helps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Participation Rates</td>
<td>Mobile simulations are available, making it more convenient to use anywhere and anytime, even for those without home Internet.</td>
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<tr>
<td></td>
<td>Integration with social media expands reach, building momentum among residents.</td>
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<tr>
<td></td>
<td>Latest research on user experience is being used to invite participation.</td>
</tr>
<tr>
<td></td>
<td>Ease of use on tablets makes it easy go to targeted neighborhoods and places such as malls or libraries.</td>
</tr>
<tr>
<td>Inaccessibility of Financial and Budget Data</td>
<td>Visual interface (less text) helps the average person understand complicated financial information.</td>
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<tr>
<td></td>
<td>Nesting of information allows users to easily learn more if they wish.</td>
</tr>
<tr>
<td></td>
<td>Simulation can be used in face-to-face meetings. One brand of software even comes with a meeting mode that effectively turns the simulation into a facilitation tool.</td>
</tr>
<tr>
<td>Need for Deliberative Discussion</td>
<td>Simulations can be rapidly updated or changed to reflect new ideas or data.</td>
</tr>
<tr>
<td>Representativeness of Sample and Use in Scientific Research</td>
<td>By their nature, simulations far exceed the capacity of surveys to provide meaningful information on “willingness to pay” and sincere preferences that would be important both to adjusting service levels and testing possible revenue measures.</td>
</tr>
<tr>
<td></td>
<td>Inexpensive, online panel recruitment services make it possible to use the simulation as a representative research tool.</td>
</tr>
</tbody>
</table>
MILWAUKEE COUNTY
BUDGET ENGAGEMENT
MILWAUKEE COUNTY

Quick Facts

- 950,000 Pop
- City of Milwaukee (Pop 595,000)
- 19 total municipalities
- Corporate Headquarters for Northwestern Mutual Life Insurance Company, Johnson Controls & Harley Davidson motorcycles
- Top ten most segregated city in US
TRADITIONAL BUDGET HEARINGS…

- Special interest groups
- Mobilization around high profile topics
- Lack of awareness on interconnectedness of budget

Photo: Rick Wood/Milwaukee Journal Sentinel
POLITICAL ACRIMONY

- State legislation supported by County Executive to move Legislative Branch to part-time
- State law changes to County power structures moving more day-to-day authority to County Executive
- Result: Gridlock on large-scale initiatives and strategic planning
REVAMP BUDGET ENGAGEMENT

1. Make the budget input process useful

2. Use public input to advance policy goals
Year 1: #EngageMKE

- **TOOL: Balancing Act**
  - Digital representation of our budget
  - Every Dept. budget listed, full transparency, locked categories, limited revenues.
  - Enabled everyone to be an “armchair budget analyst”

- **OUTREACH: Traditional/Free**
  - Facebook/Twitter account of County Executive Office
  - Local online daily magazines, local NPR story, etc.
  - Large civic group meetings (Rotary Clubs, Kiwanis)
#EngageMKE Balancing Act Metrics
- 3,364 page views
- 85% unique
- 240 individual submissions
- 24:35 average time on site

Pros/Cons
- Skepticism that we designed Balancing Act to achieve a predetermined outcome.
- People willing to spend time on site learning about financial state of the county
- Social media channels determined population reached by outreach
- Educational Tool
Year 2: abetter414.com

- TOOL: Balancing Act
  - Simpler format, larger functional areas
  - Mandated/non-mandated services
  - Specific policy options and general reduction
  - More revenue options

- OUTREACH: Use Your Strengths
  - Utilized already existing customer databases (email lists for Zoo, Parks, Dept. on Aging, OPD)
  - Accessibility – microsite
  - Branding – big picture
  - We went to the people 30 different meetings
  - Focus on diversifying our outreach
YEAR 2 RESULTS-
TO BE DETERMINED

Pros/Cons
- Some representation from high poverty zip codes
- 2.5X more feedback from Yr 1
- Qualitative feedback is that people have turned their attention to larger structural issues around the way the state funds municipalities in WI

abetter414.com Balancing Act Metrics so far
- 4,625 page views
- 84% unique
- 633 submissions
- 25:55 average time on site
PLANS IN PROCESS…

- Data
  - Plan to distribute results to everyone who provided contact information with submission
  - Plan to disseminate zip code level data to our municipal partners as a thank you for their support

- Continued engagement
  - There are at least 4K people who have spent up to 25 min of their discretionary time on our budget
  - Options chosen show willingness to pay more for valued services
  - Pressure on legislature to reevaluate local funding revenue sources
Early Data Dig-In

- Analytics
  - Parks – Very vocal and active interest group. Lots of category interaction and still received a heavy dose of reductions
  - Office on African American Affairs – very new office. User comments show a lack of understanding on the mission/purpose of the office. An opportunity for dept. level staff to remedy.
  - Cultural Contributions – Data shows support for reductions previously though politically untenable
- More to decipher but plans to use the gathered information operationally as well as fiscally.
Two Quick Examples

• Denver’s Taxpayer Receipt
• Golden’s CIP planning
What are the OBJECTIVES?

Residents who are:
• Informed
• Engaged
Payoff: Reduce Prevalence of “Magical Thinking”

Probability of Simultaneous Preference for Minimizing Taxes and Investing in Services when people are...

0% 5% 10% 15% 20%
Uniformed and Disengaged Informed and Disengaged Uninformed and Engaged Informed and Engaged

Source: Center for California Studies, Civic Engagement and Local Fiscal Attitudes: 2013 Survey of Californians
Belief that Sales Tax Rate is "Too High" when people are...

- Uniformed and Disengaged
- Uninformed and Engaged
- Informed and Disengaged
- Informed and Engaged

Source: Center for California Studies, Civic Engagement and Local Fiscal Attitudes: 2013 Survey of Californians
The Payoff: Realistic Problem-Solvers

“In participatory cities, nothing is off the table when dealing with a fiscal crisis.”

"The amazing thing is that residents are almost silent as they go through the exercise because they are concentrating so hard on making these decisions."

(former) KCMO Budget Analyst Adam Blom
Experiences in Public Budget Engagement

September 12, 2018
Why Public Engagement?

1. Education
   - Funding Restrictions (designated vs undesignated)
   - Cost of service reality

2. Feedback
   - Resident Priorities
   - Willingness to pay/give up
   - Political temperature gauge

3. Implementation
   - Using feedback in decision-making
   - Timing, buy-in are crucial components (not just “checking a box”)
Interactive Budget Challenge

Historical Context & Budget Outlook

Round One: Balance the Budget!

• Discuss and take action on closing the city’s $13.3 million budget gap through:
  o Cost Savings
  o Revenue Increases

Round Two: Enhance Services

• Discuss the inclusion of new budget items while maintaining a balanced budget.
### FY 2019 Budget Challenge
#### Cost Saving Strategies

<table>
<thead>
<tr>
<th>NO.</th>
<th>STRATEGY</th>
<th>UNITS</th>
<th>SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduce citywide General Fund employees by one percent - applies to active permanent employees</td>
<td>1</td>
<td>$2,295,000</td>
</tr>
<tr>
<td>2</td>
<td>Eliminate Assistant Director Positions in all Departments</td>
<td>FIXED</td>
<td>$1,475,000</td>
</tr>
<tr>
<td>3</td>
<td>Reduce the next two police recruit academies from 40 to 30 recruits</td>
<td>FIXED</td>
<td>$1,095,000</td>
</tr>
<tr>
<td>4</td>
<td>Reduce funding for tourism programs and services</td>
<td>FIXED</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Eliminate Human Services Grants</td>
<td>FIXED</td>
<td>$662,177</td>
</tr>
<tr>
<td>6</td>
<td>Eliminate funding for mosquito spraying and rodent control services</td>
<td>FIXED</td>
<td>$587,500</td>
</tr>
<tr>
<td>7</td>
<td>Eliminate funding for coordinating homeless prevention services</td>
<td>FIXED</td>
<td>$300,000</td>
</tr>
<tr>
<td>8</td>
<td>Reduce annual firefighter recruit class from 25 to 20 recruits</td>
<td>FIXED</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

### FY 2019 Budget Challenge
#### Revenue Strategies

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>UNITS</th>
<th>REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the (prepared) food and beverage tax by one percent (From 6.5% to 7.5%)</td>
<td>1</td>
<td>$5,700,000</td>
</tr>
<tr>
<td>Increase real estate tax rate (a one cent increase generates approximately $1.8 million in revenue)</td>
<td>1</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Increase existing cemetery fees to local market average</td>
<td>FIXED</td>
<td>$213,000</td>
</tr>
<tr>
<td>Increase gate admission at Virginia Zoo (A $1 increase generates approximately $321,000 in revenue, of which the General Fund receives half)</td>
<td>1</td>
<td>$160,500</td>
</tr>
<tr>
<td>Raise car tax and business personal property tax rate</td>
<td>1</td>
<td>$110,000</td>
</tr>
</tbody>
</table>
24 staff members
x 3 hours per event
x 4 events
= 240 staff hours (!!!)
130 participants
1. Preliminary Budget Gap
   - $13.3 million gap
   - General preferences to balance the budget

2. Proposed Budget
   - Specific preferences for proposed tax increase
   - Feedback on proposal

3. Adopted Budget
   - Civic education
   - General preferences to balance the budget
Where the Money Goes...

Spending

New Initiatives (From 10 Cent Real Estate Tax Increase): $18.5m

- Norfolk Public Schools Ongoing Support (2.7 cents): $5.0m
  - $5.0m
- No Budget Reduction for Norfolk Police Department (0.65 cents): $1.2m
  - $1.2m
- Resilience Initiatives (1 cent): $1.9m
  - $1.9m
- Technology, Vehicles, and Equipment (2.08 cents): $3.9m
  - $3.9m
- Employee Salary Increases (1.67 cents): $3.1m
  - $3.1m
- St. Paul's People First and Redevelopment Initiatives (1.9 cents): $3.5m
  - $3.5m

Where The Money Comes From...

10 Cent Real Estate Tax Increase: $18.5m
Real Estate Taxes (Current Rate of $1.15): $230.9m
Proposed Fee Increases: $3.0m
State and Federal Aid: $333.5m
Provide Context

- Questions carefully considered
  - real options
- Power in framing the discussion
  - not just “providing the facts”
- Not statistically significant, but still significant
Make Relatable

**Food and Beverage (Meals) Tax:** $31.9m

Choose one:
- Decrease by a half percent (From 6.5% to 6.0%)
- No Change
- Increase by a half percent (From 6.5% to 7.0%)
- Increase by one percent (From 6.5% to 7.5%)

More Information:
On a $25.00 restaurant bill, this would increase the meals tax from $1.63 to $1.75.
Share Results

NORFOLK BALANCING ACT VISITS
1,200

BUDGETSSubmitted
134

AVERAGE TIME SPENT BALANCING
16 minutes

ENGAGEMENT PLATFORM
33% mobile/tablet
67% desktop

Our results, while awesome, are not representative of all Norfolk residents – only those who provided inputs. More feedback makes for better results!

REAL ESTATE TAXES
- raised 46%
- lowered 5%
- no change 49%

PUBLIC EDUCATION
- raised 25%
- lowered 25%
- no change 50%

PUBLIC SAFETY
- raised 20%
- lowered 28%
- no change 52%

Add Disclaimer!
Public Input

- 1,000+ Balancing Act users
- 145 submitted budgets
- 130 Budget Challenge participants
- Spending Priorities:
  - Education
  - Flooding/Sea Level Rise
  - Infrastructure
  - Poverty
  - Neighborhoods
  - Public Safety/Crime
### Want a receipt for your taxes?

**Answer a few questions to find out how much you paid.**

- **What's your annual income?**
- **What's your age?**
- **Do you own a home?**
- **Do you drive a car?**

**View Your Tax Receipt**

### YOUR TAX RECEIPT

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public School Education</td>
<td>$568.63</td>
</tr>
<tr>
<td>Norfolk Public Schools</td>
<td>$568.63</td>
</tr>
<tr>
<td>Public Safety</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>$269.67</td>
</tr>
<tr>
<td>Fire-Rescue</td>
<td>$197.29</td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$283.99</td>
</tr>
<tr>
<td>Internal Services</td>
<td></td>
</tr>
<tr>
<td>General Services</td>
<td>$202.85</td>
</tr>
<tr>
<td>Information Technology</td>
<td>$51.96</td>
</tr>
</tbody>
</table>
Norfolk introduces website allowing public to create their own city budget

Norfolk, Va. - If you had nearly $900 million in city revenue to work with, which city services would you fund? How much would you give each service?

Local Media Coverage

Your City, Your Money: Interactive, Online Tools Allow Residents to Participate in Norfolk Budget Process

December 12, 2017 / By City of Norfolk

The City of Norfolk has two powerful new tools to gather public input and provide information as it continues with budget planning this winter.

Balancing Act, an online, interactive workshop, allows residents to share their priorities for the city's budget: what to keep, what to add, where to cut. Share your thoughts from home or on the go.
Q&A

Chris Adams
President and Co-Founder
Balancing Act by Engaged Public

Jeremy Lucas
Senior Budget & Management Analyst
Milwaukee County Dept. of Administrative Services, WI
Access the Emerging Practices in Local Government Through Virtual Learning and Events.
Save the Date!

Upcoming learning events:

http://transformgov.org/virtual-events


- 10/10: Customizing Budget Engagement for your Community (Part 2!) - https://transformgov.org/events/customizing-budget-engagement-your-community

Thank you for joining us today!

Join us for Part 2 with the City of Norfolk, VA on 10/10

Register Here:
https://attendee.gotowebinar.com/register/3575426389454470915