There are many reasons why a local government might want to build a two-way relationship with residents on financial issues: to identify priorities; set levels of service; gauge interest in changing revenue; build public understanding of long-term structural problems; prepare for an election; get staff buy-in for change; or simply out of a commitment to good governance.
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

@transformgov

@BalancingActEP

@MilCoPSB

@NorfolkVA
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

Megan Erwin
Senior Budget & Policy Analyst
City of Norfolk, VA

Gregory Patrick
Director of Budget and Strategic Planning
City of Norfolk, VA
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
Experiences in Public Budget Engagement

October 10, 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”)

[Diagram showing cycle of Educate, Learn, Adjust]
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></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>

### 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 (a one cent increase generates approximately $110,000 in revenue)</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
Balancing Act and Taxpayer Receipt

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
Provide Context

• Questions carefully considered
  o real options
• Power in framing the discussion
  o 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%)
- 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.
NORFOLK BALANCING ACT VISITS
1,200

BUDGETS SUBMITTED
134

AVERAGE TIME SPENT BALANCING
16 minutes

ENGAGEMENT PLATFORM
33% mobile/tablet
67% desktop

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%

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

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? ✅ Yes  ❌ No

Do you drive a car? ✅ Yes  ❌ No

View Your Tax Receipt

<table>
<thead>
<tr>
<th>YOUR TAX RECEIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public School Education</td>
</tr>
<tr>
<td>Norfolk Public Schools</td>
</tr>
<tr>
<td>Public Safety</td>
</tr>
<tr>
<td>Police</td>
</tr>
<tr>
<td>Fire-Rescue</td>
</tr>
<tr>
<td>Debt Service</td>
</tr>
<tr>
<td>Debt Service</td>
</tr>
<tr>
<td>Internal Services</td>
</tr>
<tr>
<td>General Services</td>
</tr>
<tr>
<td>Information Technology</td>
</tr>
</tbody>
</table>
Feedback and Media Coverage

Norfolk introduces website allowing public to create their own city budget

Local Media Coverage

*ALT DAILY.com*

*PRIDE*

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.
Norfolk’s 360 Degree Approach
Additional Use Cases

- Dedicated Funds
- Capital Budget
- Analytics
- Use in elections
- Use internally
- Meeting Mode
“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
Questions? Need Handout Copies? Contact Ryan Spillers at rspillers@transformgov.org
Save the Date!
Upcoming learning events:

[http://transformgov.org/virtual-events](http://transformgov.org/virtual-events)


- **9/27:** Keeping Local Government Lean: Maintaining a Culture of Process Improvement - [https://transformgov.org/events/keeping-local-government-lean-maintaining-culture-process-improvement](https://transformgov.org/events/keeping-local-government-lean-maintaining-culture-process-improvement)

- **10/3:** #FakeNews & #Localgov: What You Can Do About It - [https://transformgov.org/events/fakenews-localgov-what-you-can-do-about-it](https://transformgov.org/events/fakenews-localgov-what-you-can-do-about-it)

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

- **2018 BIG Ideas Meeting from October 26 - 28, 2018:** [https://transformgov.org/events/2018-big-ideas-meeting](https://transformgov.org/events/2018-big-ideas-meeting)
Customizing Budget Engagement for 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