

Participatory budgeting: Enhancing community reinvestment through public engagement

by Desiree Hatcher

Community engagement is not an easy task. This is especially true in communities with historically underrepresented and underserved populations who do not feel connected to the planning process. However, some municipalities across the country are finding success through the use of participatory budgeting.

Participatory budgeting

Participatory budgeting (PB) is a different way to manage public money, and to engage residents. It is a democratic process in which community members directly decide how to spend part of a public budget. It enables taxpayers to work with government to make the budget decisions that affect their lives.¹ According to the organization Participatory Budgeting Project, people value PB for different reasons, but these six aspects attract the most interest:²

- Deeper democracy - Ordinary people have a real say—and they get to make real political decisions. As a result, PB tends to engage many people who are otherwise cynical about government. Politicians build closer relationships with their constituents, and community members develop greater trust in government.
- Transparency and accountability - Budgets reflect policy without the rhetoric—what a government actually does. When community members decide spending through a public process, the (intended) result is less corruption, waste, and, among voters, less discontent.
- Public education - Participants become more active and informed citizens. They gain a deeper understanding of complex political issues and community needs.
- More informed decisions - Budget decisions are better when they draw on residents' local knowledge and oversight. Once they are invested in the process, people make sure that money is spent wisely.
- Fairer spending - When people spend months discussing project ideas and related spending, they prioritize by consensus to meet the greatest community needs.
- Community building - Through regular meetings and assemblies, people get to know their neighbors and feel more connected to their city. Local organizations spend less time lobbying and more time deciding on policies. Budget assemblies connect community groups and help them recruit members.

Origin of PB

PB started in Porto Alegre, Brazil, in 1989, as a way to reintroduce democracy to a country that had been under military rule for many years.³ Over the past 20 years, “participatory institutions” have spread around the world. Participatory institutions delegate decision-making authority directly to citizens, often in local politics, and have attracted widespread support. International organizations, such as the World Bank and USAID, promote citizen participation in hopes of creating more accountable governments, stronger social networks, improved public services, and informed voters. Elected officials often support citizen participation because it provides them the legitimacy necessary to alter spending patterns, develop new programs, mobilize citizens, or open murky policymaking processes to greater public scrutiny. Civil society organizations and citizens support participating institutions because they get unprecedented access to policymaking venues, public budgets, and government officials.⁴ Since 1989, PB has spread to over 1,500 cities in Latin America, North America, Asia, Africa, and Europe. In the US and Canada, PB has been used in Toronto, Montreal, Guelph (Ontario), Chicago, New York City, and Vallejo (California).⁵

What needs to be in place for PB to work?

According to the Participatory Budgeting Program website, for the process to work there must be political will from above and community support from below. There must be someone with control over budget money (an elected official, agency head, department director, etc.) to agree to let the public decide how to spend part of the budget. Community organizations, in particular those working with marginalized communities, must engage people and push the process forward.⁶

Participatory budgeting in the Seventh District

The first “participatory budgeting” experiment in the United States occurred in Chicago’s 49th Ward. This diverse community is home to over 60,000 people and over 80 languages are spoken within less than two square miles. In 2007, the alderman at the time, Joe Moore,

sought a way to engage the community residents in his ward more effectively.

Alderman Moore discovered the concept of participatory budgeting at a US Social Forum session on the topic.⁷ Moore started by setting aside the \$1.3 million discretionary budget that each alderman receives for capital infrastructure projects. In April 2009, with guidance from the Participatory Budgeting Project, Moore invited leaders of all the ward’s community organizations and institutions to form a steering committee, which decided the timeline and structure of the process. Beginning in November, a series of meetings were held to brainstorm budget proposals and select neighborhood representatives. The neighborhood representatives, along with the steering committee, split into six groups and spent four months meeting with experts, conducting research, and developing budget proposals.⁸

In April of 2010, all 49th Ward residents age 16 and over, regardless of voter registration or citizenship status, were invited to vote on the 36 budget proposals developed by the community. Though additional Spanish-language assemblies, materials, and outreach were made available, distrust of government and immigration concerns led to low Latino turnout. However, a total of 1,652 residents turned out to vote, far exceeding expectations, considering the brand-new process, lack of media coverage, and absence of any other elections or ballot measures to inspire turnout.⁹

In the end, \$1.3 million was enough to fund the 14 most popular projects. The proposal to fix sidewalks received the most votes. Other funded projects included bike lanes, community gardens, murals, traffic signals, and street lighting. Every committee had at least one proposal funded.¹⁰

CDPS Participatory Budgeting Roundtable

On May 9, 2016, the Federal Reserve Bank of Chicago’s Community Development and Policy Studies (CDPS) Division and the Financial Institutions Community Development Conference (FICON) convened a Participatory Budgeting Roundtable. The purpose of the meeting was to bring together: city officials; CRA/ community development officers representing Detroit area financial institutions; and community development

representatives to gain a better understanding of the PB process and the feasibility of implementing this model in the city of Detroit. The featured speaker was Maria Hadden, project manager, Midwest & South, Participatory Budgeting Project.

During the discussion, Hadden spoke of challenges in implementing a PB, including: community buy-in, plan Implementation, ‘institutionalization,’ and ensuring equity and inclusion. Hadden emphasized the need for equity and inclusion, and indicated that for it to occur, you need:

- Money that matters (funding for projects that matter most to the community)
- Grassroots leadership of neighborhoods and organizations inspiring people to work together to improve the community
- A process that includes an “inclusive design” that encourages participation by the entire community – especially those who are often excluded from the political process, who face obstacles to participating, or who may feel disillusioned with politics
- Targeted outreach to ensure that those who should be at the table are at the table
- Equity criteria, both in the distribution of funds to the areas of most need as well as in the participation of community members

In response to questions regarding funding sources for use in PB programs, Hadden noted that every community is different and that funding sources differ as well. She indicated that not every community has discretionary income like the wards in the city of Chicago, but communities are finding funding opportunities where discretionary funds are not available.

In 2012, Vallejo (CA) City Council approved the first citywide PB process in the US, as part of the city’s return to fiscal stability and accountability after bankruptcy. The city of Vallejo contracted the Participatory Budgeting Project to implement the process. The funds for PB came from a 1 percent sales tax approved by voters in 2011. Residents decided how to spend 30 percent of this revenue – over \$3 million in 2013. Winning projects included street repairs, parks improvements, equipment and improvements for school libraries, small business grants,

improvements to a senior center, and security cameras/enhanced street lighting.¹¹ Per Hadden, 20 percent of those who participated in the city of Vallejo PB process were ineligible to vote in regular elections.

Hadden also indicated that there may be opportunity for local governments to use the PB process to develop funding priorities and criteria for selecting projects, thus meeting the citizen participation requirement for Community Development Block Grant and other funds administered by the US Department of Housing and Urban Development. Furthermore, crowdfunding is increasingly becoming a popular source of funding for PB programs.

Conclusion

Public and private investors engaged in community development want assurance that their loans, investments, and services are meeting the needs of local residents and businesses; commitment to community engagement ensures that residents have a voice. However, many city officials struggle with how to engage low-income residents, minorities, (prisoner) re-entries, and other socially disadvantaged members of the community. Often times, the larger, more established groups with the most power dominate the process. The low-level or nonexistent participation of specific demographics makes it less likely that information received adequately reflects the needs of underserved populations. As previously indicated, the participatory budgeting process includes an “inclusive design” that encourages participation by the entire community – especially those who are often excluded from the political process, who face obstacles to participating, or who may feel disillusioned with politics. The PB process offers opportunities to learn what issues are most important to often overlooked populations, and create programs that more effectively address the needs of the community.

Notes

1. The Participatory Budgeting Project, available at <http://www.participatorybudgeting.org/about-participatory-budgeting/what-is-pb>.
2. The Participatory Budgeting Project FAQs, available at <http://www.participatorybudgeting.org/about-participatory-budgeting/faq>.
3. Newcombe, Tod, 2012, “Chicago Brings Participatory Budgeting to the U.S.,” *Governing the States and Localities*, July, available at <http://www.governing.com/columns/urban-notebook/col-chicago-brings-participatory-budgeting-to-us.html>.

4. Wampler, Brian, and Mike Touchton, 2014, "Brazil let its citizens make decisions about city budgets. Here's what happened," The Washington Post, January 22, available at <https://www.washingtonpost.com/news/monkey-cage/wp/2014/01/22/brazil-let-its-citizens-make-decisions-about-city-budgets-heres-what-happened>.
5. The Participatory Budgeting Project, available at <http://www.participatorybudgeting.org/about-participatory-budgeting/where-has-it-worked>.
6. The Participatory Budgeting Project FAQs, available at <http://www.participatorybudgeting.org/about-participatory-budgeting/faq>.
7. Ibid.
8. Ibid.
9. Ibid.
10. Ibid.
11. "Real Money, Real Power: A Report on the First Five Years of the Participatory Budgeting Project," April 2014, available at <http://www.participatorybudgeting.org/wp-content/uploads/2014/04/PBP-5-Year-Report.pdf>.

Biography

Desiree Hatcher is the community development and Michigan state director in the Community Development and Policy Studies Division of the Federal Reserve Bank of Chicago.

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