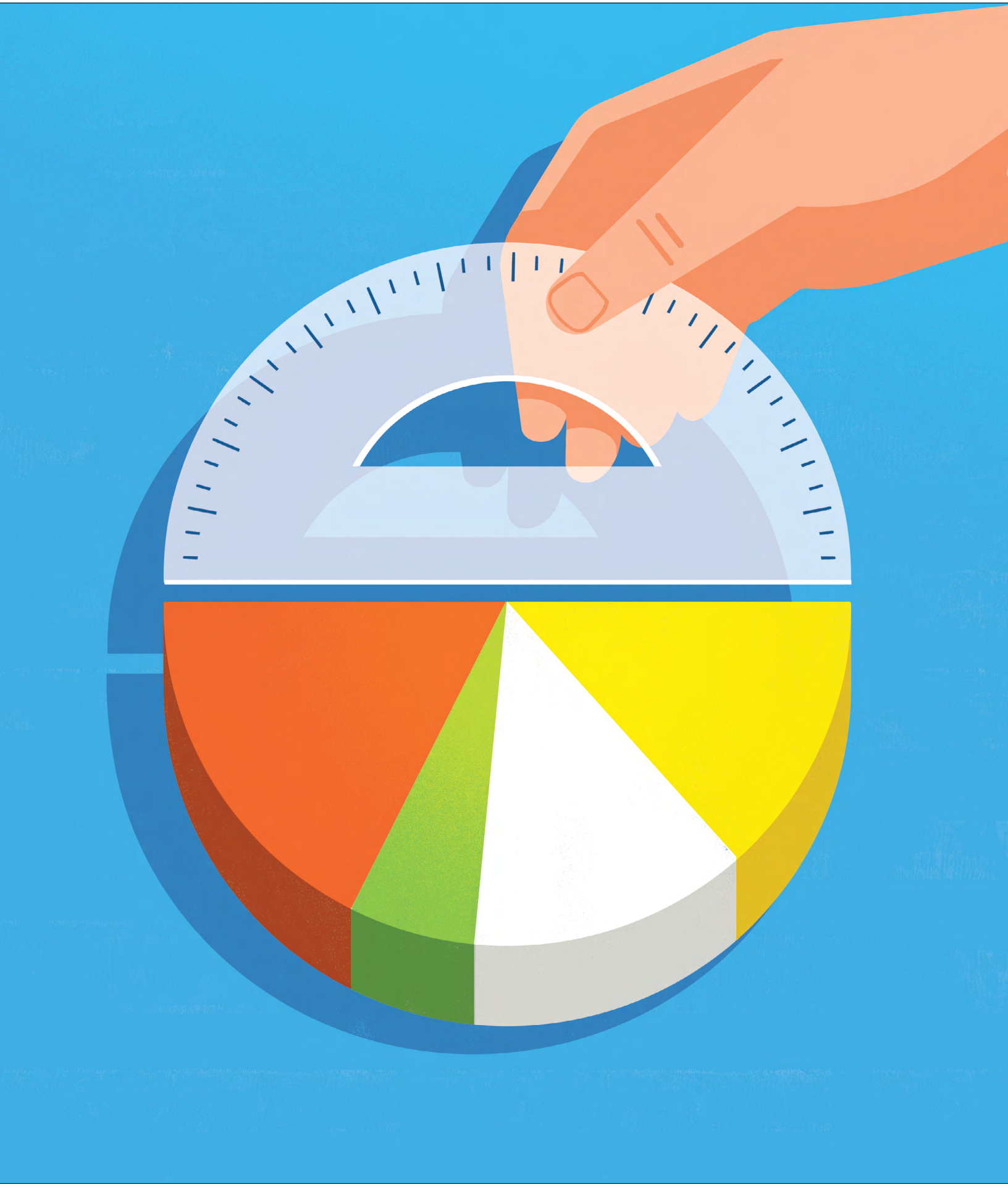


From Clarity to Connection

How four communities used transparency initiatives to improve budgeting

Residents often have no idea about the profound effects local government has on their daily lives. From maintaining streets to providing recreation services to supporting affordable housing, local government provides essential services. Learning how budgets affect those services and then engaging in the budgeting process helps residents shape the city they live in.

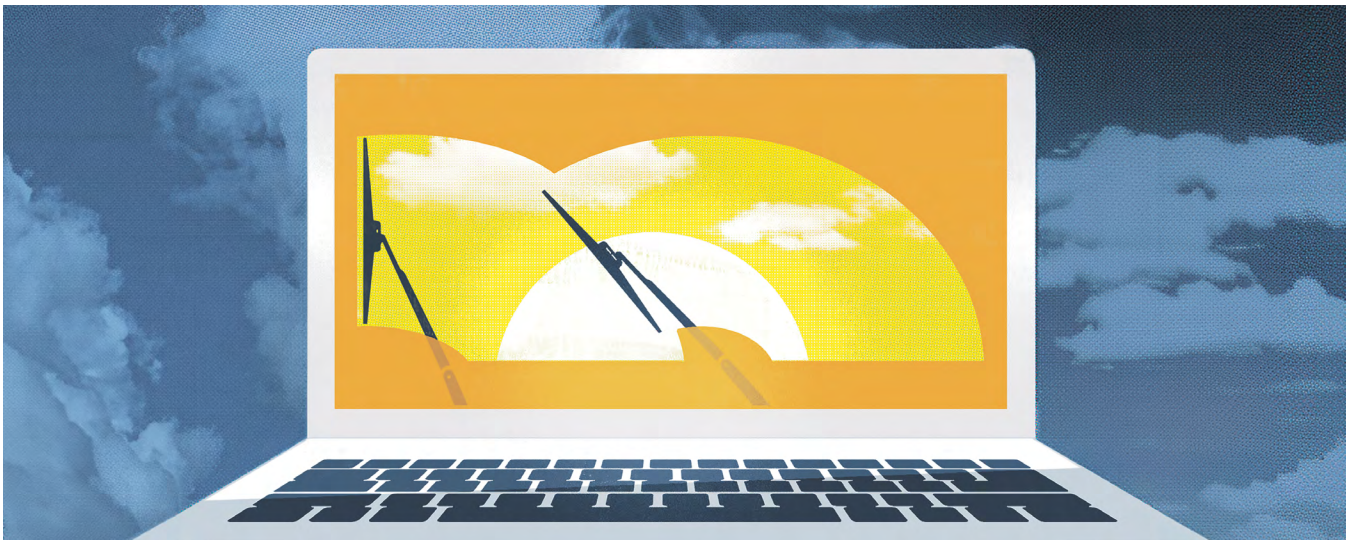
Nonetheless, openness and clarity around finances is something local governments often struggle with. When residents see city finances as closed and opaque, they feel disconnected. When residents are not involved in budget decisions, they feel disempowered. When residents cannot connect city spending to the services they receive, they feel disillusioned. The city's interactive dashboards provide residents with the knowledge and opportunity to bridge that connection.

In this article, four cities share their latest strategies for helping residents understand—and, in some cases, direct—where their tax money is going.

The City of Austin's Budget Development Process Incorporates Residents' Priorities

The City of Austin, Texas, sought input from its residents annually, using a budget priority tool that's available to all, and the city's Communications and Public Information Department led promotion efforts to encourage community participation. But results from an open-engagement platform can be skewed due to over-representation of an affinity group. In addition, some communities can be underrepresented due to a variety of factors. So, to better ensure a true representation of the city's residents' priorities in the results, the city sought out a marketing research firm to conduct a controlled random sample of Austin residents.

The city used an interactive budget simulation software program, and a marketing research company to develop and administer the survey tool. The survey was designed to ensure that an equal distribution of responses were collected across the



city, based on address. The residents chosen received two post cards, two text messages, and two emails each, and they were directed to the budget simulation platform to complete the budget survey. The marketing firm compared the results to the "non-random sample" findings, and that data was incorporated into the development of the city's FY 2022-23 budget.

Methodology. Of the 450 completed responses, 229 residents completed the budget simulator. The overall results of the completed surveys were weighted to account for race/ethnicity factors, creating a final database with a race/ethnicity distribution that closely matches both the city's 2020 Census and the 2021 community survey. Other factors that were accounted for in the survey include: the number of years lived in the City of Austin, the age of the respondent, whether the respondent owns or rents their home, gender, and zip code.

In addition to the controlled sample of respondents who were redirected to the budget simulation from the survey, the city also collected 1,403 responses from residents who were not tracked in the random sample. The results from residents who were directed to the budget simulation from the survey are compared to those who participated in the budget simulation from outside of the random and representative sample to determine whether any major deviations occurred based on random sampling methodologies. The two data sets are defined by the terms "random sample" and "non-random sample" findings.

When residents see city finances as closed and opaque, they feel disconnected. Interactive dashboards provide residents with the knowledge and opportunity to bridge that connection.

Major findings. The biggest difference in department funding between the two groups was for the police. The results of the random sample show an average change for police services at $21.9 million, compared to $66.9 million from the non-random sample respondents.

When comparing divisions, both samples showed the largest average change in the neighborhood-based policing/patrol. The random sample showed an average decrease of $105.1 million for this division, while the non-random sample showed an average decrease of $135.7 million.

Both the random sample and non-random sample results show the largest average increase in funding went to Austin Public Health (when excluding the "your suggestion" category). The random sample showed an average increase of $5.16 million, compared to the non-random sample's average increase of $11.48 million.

When reviewing the distribution of responses by division, the random and non-random samples gave the largest average increase in funding to the "your suggestion" category. The random sample saw an average increase of $31.4 million, and the non-random sample saw an average increase of $32.7 million. However, the second highest average increase for both the random and non-random samples based on division was for the neighborhood-based policing/patrol. The average increase from the random sample for that program was $19.8 million, compared with an average increase of $25.1 million from the non-random sample.

While the amount of change was different from the random to the non-random sample, the overall message was clear—Austin residents would like to see a reduction in the police budget and an increase to the Austin Public Health budget. (Austin residents also had suggestions as to where additional funds should be spent.)

Data sets provide a very similar message. While the number of changes made and the average change by department/division is larger in the non-random sample, both

samples show similar average changes when examining the departments/divisions that receive the largest average increases and decreases. By department, the non-random sample shows the largest average decreases in police, as does the random sample. The largest average increase in both samples is also Austin Public Health (when excluding the "your suggestion" option). Additionally, the two samples show similar department-level increases in emergency medical services, housing and planning, parks and recreation, and fire. While the overall average values differ—with the random sample showing lower increases and the non-random sample showing larger increases—the breakdown of responses is nearly identical in terms of largest increases to smallest increases.

The same can be said for decreases and increases by division. While the random sample tends to show lower dollar amount increases and decreases, the trends remain the same between the two data sets. Both samples gave the largest overall decrease to neighborhood-based policing/patrol and the largest overall increase to the "your suggestion" category, followed by neighborhood-based policing/patrol. There are similar breakdowns in the average decreases and increases for fire/emergency response operations, the emergency medical response operations, police investigations and professional standards, the public health services, social services to promote self, and to forensic sciences.

Overall, the budget simulator, regardless of the method of administration, provides similar budgeting considerations, whether the respondent was selected at random or self-selected to participate in the budgeting exercise. As for participation, the number of completed surveys is an easy metric to measure—more than 1,400 residents used the budget simulation tool in its first year. Awareness is a bit more complex to measure. The tool did measure the number of hours residents were on the website, and this metric provides insight into residents' awareness and level of engagement. This survey had more than 2,000 hours of participation on the website.

Santa Cruz County Creates a Comprehensive Budget Website

The Santa Cruz County budget is now integrated within the online Vision Santa Cruz County strategic plan and consolidates the four phases of the printed budget books into an interactive and accessible website (at santacruzcounty.us/VisionSantaCruz/Budget.aspx). Most of the site was structured and designed in-house by talented information services staff, based on local stakeholder feedback.

Each year the County Administrative Office created a proposed budget book document that included community and departmental narratives and a point-in-time status of operational plan progress. County officials created two budget revision documents, ending with a stripped down final adopted budget book that eliminated all the narrative and operational context to serve as a chart of accounts-based budget control document. This process used more than 60,000 pages annually and was disconnected with the updates to the separate operational plan objectives. Users of these disparate documents would need to manually navigate between versions to get to up-to-date figures, and the documents were only created in English.

Problems solved. This project solved two common challenges. The first is a substantial connection between the organization's operational plan and budget—this linking of operational objects to the sources that fund them has helped strengthen the county's progress on the strategic plan by focusing resources. Operational objectives are now connected to the units of the budget that fund them. The project also solves a timing issue. Most published budgets and operational plans are sets of information at a certain point in time. Revisions are typically published in a separate document, and the user must examine them together to distinguish changes. The online budget publishes changes as they occur, making it the most up-to-date set of information available.

Santa Cruz County's budget process includes a proposed budget, supplemental budget, last-day items, concluding items, and the adopted budget. Each of these processes may have their own set of adjustments to the original proposed budget. In the previous process, for a user to see the status of the sheriff's budget, for example, they would need to find

Santa Cruz County's interactive budget website gives residents access to up-to-date information.

the department information in the proposed budget and add (or subtract) any changes from each of the separate supplement, last-day, or concluding documents. This information was only consolidated months later in the adopted budget book. The website combines these amounts, so the user can view the most up-to-date figures. In each department's budget details, users may see changes made with each phase of the budget process and share discoveries via email and social media.

Accessible and interactive. The budget is translatable into several languages through a Google Translate feature, and the program was designed to adapt to different screen types—notably, it formats well to a smartphone. The design team prioritized this because many disadvantaged communities have limited at-home internet connections. Whereas the previous static budget documents contained finite information, the website format offers limitless avenues for users to continue exploring. Users can select the aspects of the budget they want to see, rather than physically flipping through a book, and they can click to discover further information on their chosen topic. Within each department's budget service levels, users can see totals, descriptions, operation plan objects, funded staff, and emerging issues.

Many emerging issues contain external links for more context. For example, a public defender emerging issue links to a partnering nonprofit's site that provides supplemental services. A geographic information system (GIS) feature allows users to enter an address within the county to lookup services associated with that address, including supervisor representation, adjacent county-maintained road, and parks facilities. Through a partnership with OpenGov, the budget website also offers a transparency tool that allows users to dissect financial information in endless ways.

Matching hours to objectives. This tool will recover 500 hours in the County Administrative Office, and departments will recover a significant number of hours previously devoted to document construction that can now be used for the county's priority objectives.

The City of Cupertino Engages Residents with Interactive Dashboards

Every level of American government is facing diminishing public trust—and the City of Cupertino, California, was not immune. To combat residents' skepticism, the city worked diligently to communicate its decisions, activities, and status proactively, making a concerted effort to rebuild the community's trust. The city became an open book, posting financial data online, hosting community workshops, and publishing interactive budget reports.

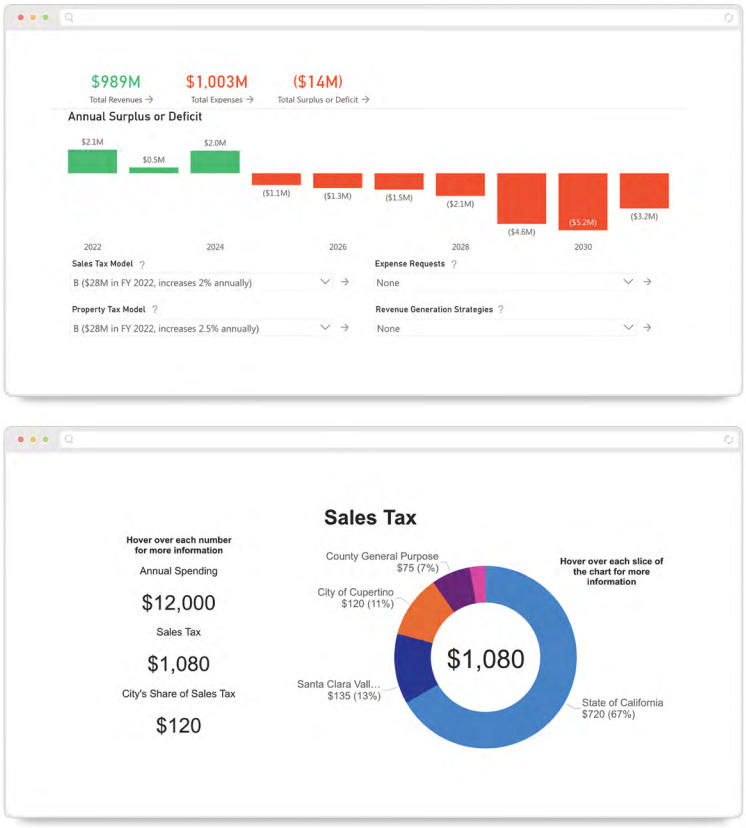
But that didn't solve the problem, and new challenges appeared because residents had trouble connecting with the city's financial data. We'd asked residents to engage with financial data without providing any context for or knowledge of the data. It was like asking tourists to navigate a new city without a map and, perhaps, in a different language.

For example, residents are often surprised that the city only receives a small fraction of their sales and property taxes—the remainder goes to the state, county, school districts, and special districts.

The city needed to provide maps to help residents better understand the data, which led to the development of Cupertino's resident tax calculator and budget forecast tool, which helps residents see how tax dollars are received and spent. The city also organized demonstrations and workshops to teach residents how to use the tools, which were designed to create an intuitive user experience.

Local governments often face two challenges: scarce financial resources and limited staff. In today's technology-driven world, however, residents expect their interactions with local governments to be transparent, efficient, and responsive. Like all California cities, the City of Cupertino faces budget challenges. Expenses are growing faster than revenues, and the city has $120 million in unfunded budget requests. Which programs should be funded? Will the revenues collected be enough to fund them? If not, does the city need to increase taxes?

The budget forecast tool has been essential in helping the city communicate these issues. The purpose of the software is to illustrate the budgeting process and promote informed



Above, the City of Cupertino's resident tax calculator gives residents personalized estimates of how much they pay in sales and property taxes, and shows where the tax dollars go. Below, the budget forecast tool gives residents the opportunity to build their own version of the budget forecast.

discussion, and the city's main goals in designing it were to:

- Show residents the information staff uses to make budget decisions.
- Connect the budget with service levels and policy options.
- Illustrate the tradeoffs between spending and revenues.
- Communicate the long-term impact of budget decisions.

Today's decisions affect the city not only today but also in the long term. Conveying long-term effects and tradeoffs of budget decisions is not always easy, but failing to consult residents about them—especially service cuts or tax increases—can breed mistrust and dissatisfaction.

Personalized estimates and balanced budgets. The resident tax calculator provides personalized estimates of how much citizens pay in sales and property taxes. When a resident enters how much they spend on goods and services, along with the assessed value of their home, the calculator shows them how much tax they pay and where the tax dollars go. By allowing residents to follow the money, the calculator helps residents understand how their tax dollars pay for city services.

The budget forecast tool allows residents to build their own versions of the city's budget forecast. Users can select from various revenue and spending options and then immediately see how each choice affects surpluses and deficits. To balance the budget, residents can choose revenue generation (for example, additional taxes) or expense reduction (such as, service cuts) strategies. By illustrating the tradeoffs of each option, the simulation promotes informed discussion on how the city can chart a fiscally sustainable course.

In addition to being easy for residents to use, these tools were also designed to be easily replicated by other governments. The software was developed using PowerBI, a free Microsoft application that provides interactive visualizations and requires minimal technical skills. Organizations can customize the design using a simple graphical user interface and update the data using Excel templates. Customizing the dashboards is easily done, and the city makes PowerBI (.pbix) and Excel (.xlsx) templates available for other agencies to use (available at cupertino.org/interactive-budget-tools).

Other governments can use these tools to help with the constant pressure of limited resources and increasing expectations. They can be used to educate and engage residents about city finances, build support for revenue increases (as in, tax measures), and illustrate the very real challenges governments face with forecasting and budgeting.

Performance measures. The resident tax calculator and budget forecast tool has succeeded in its mission to help residents learn about the city's budget. Performance measures used to evaluate its effectiveness include:

- The number of people who viewed the tool.
- Whether users found the tool easy to use.
- Whether users found the tool useful.
- Whether users learned from the tool.
- Whether users would recommend it to others.

The city also sought feedback via surveys, user group meetings, and community budget workshops.

The feedback was overwhelmingly positive. Residents indicated that the resident tax calculator and budget forecast tool taught them more about tax revenues and budgeting, and that the resident tax calculator was easy to use, informative, and valuable. Users liked that the software showed their contributions to city services. The city had succeeded in its goal to help residents understand how the city makes budget decisions.

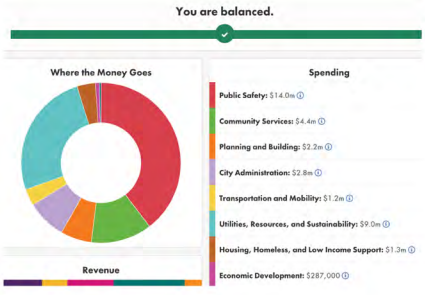
City of Healdsburg, California, Uses Participatory Budgeting to Reimagine Public Participation

The City of Healdsburg, California, operates on a two-year budget. Historically, public participation in the budget process was limited to publicly announced council meetings for budget workshops and adoption. But as part of the FY 2022-23 and 2023-24 budget development process, city staff reimagined the public participation process, including substantial outreach within the community, an online budget simulation, and a heavy focus on Latino/Latina/Latine engagement. Through a combination of tools and outreach methods, the city reached substantial levels of public participation, including from the Spanish-speaking community.

The city has approximately 12,000 residents, roughly 30 percent Latino/Latina/Latine, 68 percent Caucasian, and 2 percent other races/ethnicities. Statistically speaking, the Latino/Latina/Latine community is largely lower income than the others, and many of its members don't speak English. This sector of the population has historically had limited access to participation in city government.

Improving engagement. To address this issue, city staff gave presentations to seven community-based organizations and service clubs and held three bilingual workshops (two on weeknights and one on the weekend). To encourage participation, the city partnered with a local community-based organization to offer food and childcare for the workshops. Because of these efforts, hundreds of residents were able to come to the workshops and discuss the city budget.

The city also launched a budget simulation in English and Spanish to educate the public and get their feedback. Simulation page views equaled 34 percent of the city population and resulted in more than 600 hours of engagement in the simulation. More than 40 percent of the respondents completed the Spanish version of the simulation.



The City of Healdsburg launched a budget simulation in English and Spanish to educate the public and get their feedback.

In partnership with Corazon Healdsburg, the city conducted substantial outreach to the Latino/Latina/Latine community on participatory budget engagement opportunities. Methods included going door to door in neighborhoods that were predominately Latino/Latina/Latine, publishing materials in multiple languages, using multiple social media outlets, and creating a local "buzz" about the budget.

The city also targeted other key sectors of the population, including seniors (via outreach at the Senior Center lunch program), and worked to ensure other community groups (environmental groups, arts and culture groups, and the chamber of commerce) were heard from.

Lessons and benefits. The city learned a lot from this process, not just about the budget, but about how it can better serve the entire community. The direct outreach campaign not only led to great feedback that resulted in a better budget, but city employees were also able to direct members of the community to services and solutions to the problems they discussed. The meetings enabled personal connections that deepened the city's understanding of community needs, and the city council was able to use the information gained to make highly informed decisions about difficult budget decisions.

Conclusion

An open and transparent budget process fosters trust in local government, making sure that citizens' views and interests are respected, and that public money is well spent. Transparent and inclusive budgeting supports better fiscal outcomes and makes public policies more responsive and equitable.

*This article is based on information submitted to GFOA by **Katie Stewart**, with the City of Austin, Texas; **Lana Martinez Davis**, senior administrative analyst for Santa Cruz County; **Thomas Leung**, senior management analyst for the City of Cupertino, California; and **Andrew Sturmfels**, assistant city manager for the City of Healdsburg.*