



# Participatory Budgeting

Can we learn from experience to expand this novel practice?

BY THAO PHAM

**O**riginating in Brazil during the early 20th century, participatory budgeting has gradually been adopted worldwide. The City of Chicago, Illinois, is notable for being the first municipality to implement participatory budgeting in the United States. In 2009, the city's 49th ward became the pioneer local government in testing this budget reform in the United States. Currently, more than 500 local governments have implemented some form of participatory budgeting, and the initiative has had a significant impact on communities—but questions about its legitimacy and significance persist.

## A gradual and sustainable movement

Participatory budgeting fundamentally involves the active engagement of citizens in the budgeting processes, allowing

them to directly influence and oversee budgeting decisions and outcomes. In practical terms, citizens are encouraged to participate in public meetings where they cast votes and provide input on how to allocate funds for critical budget items. This reform is typically regarded not merely as a tool for budget transparency but as an enhancement of democratic values.<sup>1</sup> In the U.S., this initiative is particularly prominent in local infrastructure projects and is viewed as a significant effort to strengthen democratic values.

**The participatory budgeting movement in the United States is best described as gradual yet sustainable.**

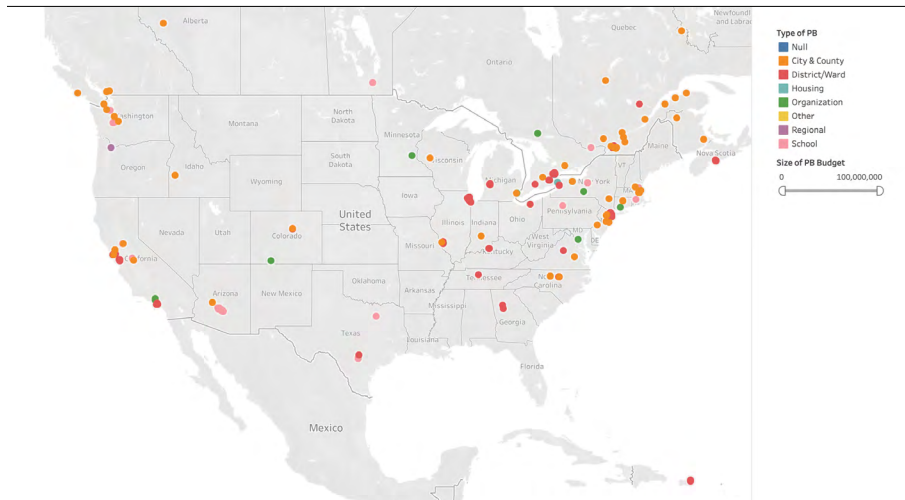
As of 2024, more than 580 local governments in the United States had implemented some form of it—but still on a relatively small scale, with a total allocation of more than \$360 million. The initiative is more common in communities in California, New York, Illinois, Pennsylvania, and Massachusetts,

which have the highest participation rates and adopted dollar amounts.<sup>2</sup>

On a larger scale, more than 7,000 government entities in more than 40 countries have practiced in some form of participatory budgeting and implemented more than 2,000 projects worth billions of dollars in total.<sup>3</sup> (See Exhibit 1.) The landscape of this budget reform is expected to evolve even further alongside ongoing efforts to enhance fiscal transparency and public trust.

## How does participatory budgeting work?

Governments may implement participatory budgeting in various ways, but the process generally involves key phases, starting with idea collection. Governments host public assemblies or online forums to survey public opinion on the potential improvement projects. Once ideas are submitted, the committee conducts an initial cost and feasibility assessment of all proposed projects.

**EXHIBIT 1** | Participatory Budgeting Process Map, as of 2024

More information is available at [participatorybudgeting.org/about-pb](https://participatorybudgeting.org/about-pb).

Source: Participatory Budgeting project portal

The committee then drafts the analysis into a proposal placed on ballot and presents it to the public, either through project expos or online platforms. During this phase, government representatives attempt to explain the fundamentals of the selected projects and address public inquiries.

After a public presentation and hearing, community members cast votes, either through an online voting site or at in-person voting locations, to select the final projects for implementation. The committee then announces the winning projects and recommends a budget allocation for the budget and for implementation. Updates are provided regularly to help residents monitor the project collaboratively. In the final stage, project evaluation, the public can provide input on their assessment for the project through concluding surveys. Public engagement is the main emphasis of each phase of a participatory budgeting project.

For the City of Chicago, participatory budgeting is facilitated through an “aldermanic menu” mechanism. Every year, each ward receives \$1.5 million in discretionary expenditures for local infrastructure improvement projects. Ward aldermen are responsible for

compiling a “menu” of potential projects for public consideration and selection.<sup>4</sup> To enhance public engagement in the decision making process, wards in Chicago have adopted both online and in-person formats for communication with their constituents. As of 2024, forms of participatory budgeting have been implemented in 12 of the city’s 50 wards, who then determine the allocation of approximately \$31 million for more than 160 community projects.<sup>5</sup>

### What we’ve learned from past participatory budgeting implementation

Participatory budgeting implementation has influenced local governments in critical ways. The primary effects include infrastructure improvements that elevate quality of life and community experiences. A significant portion of participatory budgeting expenditures is allocated to construction projects involving streets, libraries, parks, and public art installations. (See Exhibit 2.)

Beyond the visible impact, participatory budgeting is a crucial policy maneuver to enhance public trust in governments. The initiative creates a connection between citizens and elected officials, ensuring governments are

responsive to public needs. Emphasizing public engagement helps assure that budgeting is a collaborative process where citizens can directly make decisions on what and how to spend taxpayer dollars. Both academics and practitioners have provided perspective and empirical analysis on the impact of participatory budgeting in enhancing public satisfaction in their governments.<sup>6</sup>

Finally, participatory budgeting can serve as an instrument to ensure government transparency. In addition to fostering collaboration, participatory budgeting provides citizens with opportunities to co-monitor public expenditure. Through regular updates, governments are held accountable, adhering to the predetermined allocation and execution plans. Furthermore, both in-person and online communication portals allow citizens to raise concerns should there be any deviations from the original plan.

Despite having made a certain amount of progress, participatory budgeting faces certain challenges that limit its effectiveness. To start, public engagement in many participatory budgeting projects remains low. Factors attributed to this phenomenon include limited outreach efforts—many participatory budgeting committees are made up of volunteers who don’t have formal agenda and action plans. The informality of participatory budgeting governance also raises concerns about its operational efficiency. Adding to this, citizens often remain indifferent to some policy reforms, a common observation in the realm of public policy.

Next, the scale of participatory budgeting projects raises questions about their significance. Most participatory budgeting projects are adopted at a level below that of the full organization, and the dollar amount of the allocated budget for each project is modest. Many of the large local governments who have experimented with participatory budgeting like the City of Chicago, City of New York, and City and County of Philadelphia have multi-billion dollar budgets, yet only use participatory budgeting for small projects with values

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near \$1 million. This raises concerns about the relevance of participatory budgeting projects and their potential to achieve the intended impacts.

### Moving forward—what's next?

Both the potential and current constraints on participatory budgeting underscore the importance of strategic planning. A few things should be considered in discussions of how the roadmap should look for future implementation.

To start, the scope and scale of participatory budgeting projects should be diversified and expanded. Most participatory budgeting projects focus on infrastructure improvements, but other public services such as public education, welfare, and public safety are also critical and can serve as good candidates for participatory budgeting. Local governments may consider initiating smaller projects in each category as a preliminary experiment before moving to larger-scale implementations. For

more established types of projects such as street improvements, increasing the allocated budget can enhance their significance and potentially attract greater public attention and participation.

In terms of governance, local governments should legitimize their participatory budgeting committee with official positions and standardized processes and practices, which will help with outreach efforts, communication, and voting processes. A more formal agenda and plan of action can better guide the practical execution.

Finally, collaboration across localities can enhance the awareness and effectiveness of participatory budgeting. Currently in Chicago, each ward implements participatory budgeting independently. Although this approach allows for appropriate accommodations to wards' distinct attributes and specific needs, it is worth considering the potential of collaboration. If wards hold public events such as

information sessions collaboratively, more organizations will start using the initiative. Similarly, on a larger scale, collaboration across higher-level governments can further the relevance of participatory budgeting.

### Conclusion

In sum, throughout its implementation in the United States, participatory budgeting has resulted in critical improvements to public services and has consequently enhanced the government responses to public needs. Despite its impact, the reform faces certain challenges that necessitate further efforts from various stakeholders. Rooted in fundamental democratic principles, the success of participatory budgeting depends on the dedicated attention and collaborative efforts of both officials and citizens. ■

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### EXHIBIT 2 | Before and after snapshots of a participatory budgeting project on Hartigan Beach Park in Chicago's 49th Ward 49.



For more information about the project, see Thea Crum, Jenny Baker, Eduardo Salinas, and Rachel Webe, "Building a People's Budget," a draft research and evaluation report on the 2013-2014 participatory budgeting process in Chicago, February 2015.

<sup>1</sup> Yves Cabannes, "Participatory budgeting: a significant contribution to participatory democracy," *Environment and Urbanization*, Vol. 16, Issue 1, 2004.

<sup>2</sup> Jude Miller, interactive PB processes map, 2024 (public. tableau.com/app/profile/jude.miller6504/viz/PBPDraft/Sheet1).

<sup>3</sup> Yves Cabannes, "Contribution of Participatory Budgeting to provision and management of basic services," working paper, International Institute for Environment and Development, September 2014.

<sup>4</sup> Further information on Chicago's aldermanic menu program can be found at [chicago.gov/city/en/depts/obm/provdrs/cap\\_improve/svcs/aldermanic-menu-program.html](https://chicago.gov/city/en/depts/obm/provdrs/cap_improve/svcs/aldermanic-menu-program.html).

<sup>5</sup> Great City Institutes—UIC: Participatory budgeting ([greatcities.uic.edu/uic-neighborhoods-initiative/participatory-budgeting/](https://greatcities.uic.edu/uic-neighborhoods-initiative/participatory-budgeting/)).

<sup>6</sup> Andreas D. Siotang, "Does participatory budgeting improve public service performance? Evidence from New York City," *Public Management Review*, Vol. 26, Issue 11, 2024.