

# Dollars and Democracy

May 2013

Andy Crosby

## Are Municipal Budgets Related to Public Participation?

*Do governments with more money involve their citizenry more frequently? Or, instead, do governments facing revenue shortfalls and service cuts engage their residents and neighborhood associations more?*

### SUMMARY

#### How are municipal budgets related to community participation in decision-making?

That is, do governments with more money involve their citizenry more frequently? Or, do governments facing revenue shortfalls and service cuts engage their residents more? This research uses a **national survey of local government** officials to answer these questions.

Results show that **finances do not impact individual citizen participation** – perhaps a good sign for cities that are financially struggling. However, **neighborhood associations are a different story**. When a local government has increased revenues per capita, participation by neighborhood associations is greater, and the same is true of expenditures per capita.

These results have **important management implications**. Municipal managers may wish to seek additional resources to involve neighborhood associations. Similarly, leaders of such neighborhood associations should be aware that decreased city resources may mean less of a say for their organization in decision-making, and may wish to make extra efforts to ensure their voice is heard during tough fiscal times.

### INTRODUCTION

Government leaders have long recognized that participation provides a great deal of value to a community<sup>1</sup>. For example, participation can enhance accountability, improve trust, build consensus, and maintain a government's legitimacy<sup>2</sup>. Given these benefits, local governments would seem to want to encourage as much participation as possible. But how much does public and neighborhood association participation depend on the fiscal health of the city?

### THE DATA

To find the answer to this question, I use data from a survey conducted in 2010 as part of an Institute of Policy of Civic Engagement (IPCE) project at the University of Illinois at Chicago. This was a national Internet survey of 2,500 local government managers in 500 local governments with populations between 25,000 and 250,000<sup>3</sup>.

<sup>1</sup> Bryson, J. M., Quick, K. S., Slotterback, C. S., & Crosby, B. C. (2013, January). Designing Public Participation Processes. *Public Administration Review*, 73(1), 23-34.

<sup>2</sup> Yang, K., & Pandey, S. K. (2011, November). Further Dissecting the Black Box of Citizen Participation: When Does Citizen Involvement Lead to Good Outcomes? *Public Administration Review*, 71(6), 880-892.

<sup>3</sup> Feeney, M. K. (2012, July). Organizational Red Tape: A Measurement Experiment. *Journal of Public Administration Research and Theory*, 22(3), 427-444. The survey was conducted by Feeney, Haller, and Welch in 2010.

In each city, surveys were administered to the heads of five departments: general city management, community development, finance, police, and parks and recreation, for a total of 2,500 survey invitations. Of the 2,500 invitations sent, 902 responses were received, for a response rate of 37.9 percent.

This analysis focuses on cities with populations over 150,000: Large-Medium (150,000-200,000) and Large (200,000-250,000). The analysis includes total of 105 responses from 60 cities spanning 25 states.

I focus on two main measures of participation: (1) participation in decision making by citizens and (2) participation in decision making by neighborhood associations. These measures come from the survey question, “Over the last year, how often did the following citizens and stakeholder groups participate in agency decision and policymaking?” Respondents were asked to provide an answer using a Likert scale, which contains five values ranging from “very often” (coded internally as 1) to “never” (coded as 5).

I then use three measures of a city’s finances that may be related to citizen and neighborhood association participation: revenues per capita, expenditures per capita, and fund balance per capita. These data are obtained directly from government documents.

I then compare the relation between finances and participation<sup>4</sup>.

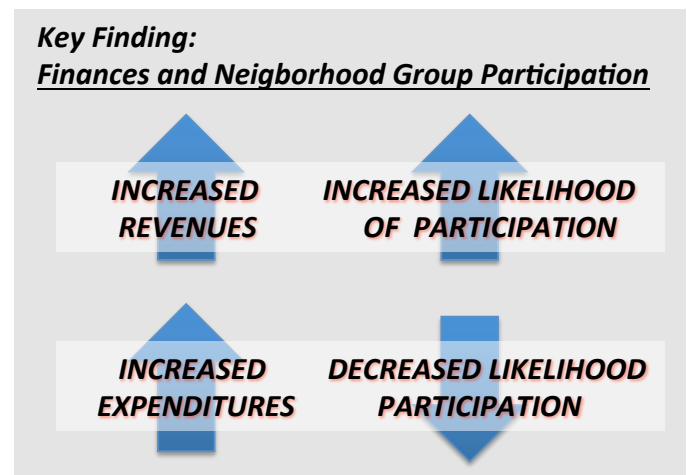
## THE RESULTS<sup>5</sup>

I find limited statistical relations between municipal finances and participation. Specifically, I find no statistically significant relation between any financial measures and citizen participation in decision making.

<sup>4</sup> The specific method used is ordered logistic regression

<sup>5</sup> Full results are available from the author

However, with regard to neighborhood association participation, finances are related to participation, as shown in Figure 1. City revenues and expenditures are statistically significantly associated with participation<sup>6</sup>. In this case, an increase in revenues is associated with greater likelihood of reporting participation as expected, while increased expenditures are associated with less likelihood for reporting neighborhood association participation in decision making. Fund balance is not statistically related to participation.



**Figure 1: Relation between Finances and Neighborhood Group Participation**

## MANAGEMENT LESSONS

The relation between finances and neighborhood associations is an important one for management. Municipal managers may wish to seek additional resources to involve neighborhood associations. Similarly, managers of such neighborhood associations should be aware that decreased resources may mean less of a say for their organization in decision-making, and may wish to make extra efforts to ensure their voice is heard during tough times.

Questions about this research should be directed to Mary K. Feeney, PhD, Associate Professor, UIC Department of Public Administration - [mkfeeney@uic.edu](mailto:mkfeeney@uic.edu)

<sup>6</sup> P<0.10 level