

# Public Participation in Vermont's Budget and Revenue Policies

Background Paper, Vermont Workers' Center/NESRI, August 2012

## Table of Contents

### **1. Introduction: Public Participation in Budget and Revenue Decisions**

### **2. Summary of Proposals**

### **3. Forms of Participation: What Does It Mean, and What Could It Look Like?**

#### **a) Human Rights Standards for Participation**

#### **b) Levels of Participation in State Budgeting**

Needs-based Budget Advocacy

Setting Budget Goals and Proposing Initiatives

Determining Budget Line Items

#### **c) Vermont's Tradition of Participation**

Town Meetings

Neighborhood Planning Assemblies

eParticipation

### **4. Principles for Participation in Budgeting: Process and Outcomes**

#### **a) Process Principles**

Transparent

Accountable

Meaningful Participation: Collaborative, Collective and Inclusive

Institutionalized

#### **b) Outcome Principles**

Rights-based: Universal and Equitable

Needs-based

Budget-based Revenue Measures

### **5. Supporting Participation: Developing Structures and Capacity**

#### **a) Needs and Cost Analysis**

Data Collection in Uganda

Rights-based Cost Analysis

#### **b) Facilitation of Participation**

People's Campaign for Decentralized Planning, Kerala, India

[Integrated Development Planning, Durban, South Africa](#)  
[Comité de Vigilancia, Bolivia](#)

- c) [eParticipation: Ideas for Implementation](#)  
[Germany](#)

## **6. Fulfilling the Budget's Purpose: Addressing Needs, Advancing Equity**

- a) [Committees for Equity](#)  
[Vulnerable Groups Programme, Durban, South Africa](#)
- b) [Need-based Budgeting](#)  
[Porto Alegre & Need-Based Budget Allocation](#)  
[Beyond Brazil: Adapting the Budget Matrix](#)

## **7. Assessment Chart of Examples**

## **8. Proposals for Vermont**

[Direct participation](#)  
[People's Council](#)  
[Needs Assessment Board](#)  
[Local Assistance Boards](#)

## **9. Next Steps**

## **Appendix 1: Vermont's Current Budget Process**

# 1. Introduction: Public Participation in Budget and Revenue Decisions

In the 2012 legislative session, the State of Vermont amended its statutes declaring that “the state budget should be designed to address the needs of the people of Vermont in a way that advances human dignity and equity”.<sup>1</sup> Vermont is the first U.S. state to define the purpose of its budget in terms of human rights principles. The statute also states that the “administration will develop a process for public participation in the development of budget goals, as well as general prioritization and evaluation of spending and revenue initiatives.”<sup>2</sup>

The purpose of this paper is to present a set of principles, structures and mechanisms to assist the Administration in designing a process for meaningful public participation in state budget and revenue decisions. The paper also draws conclusions from the evidence presented and offers a set of proposals for a public participation process.

One of the goals of increasing participatory governance in Vermont is to enable people to “become partners in problem solving,” and not just remain “an audience to politics or merely as customers of government”.<sup>3</sup>

Participatory mechanisms are intended to complement and improve rather than to replace the mechanisms of representative government that currently determine state-level budget and revenue decisions. Guided by lessons learned from participatory practices across the world, this paper identifies structures and tools that can be useful in establishing a meaningful process of public participation in Vermont.

The paper reviews examples of participatory processes that embody a focus on prioritizing people’s fundamental needs and advancing equity, in line with the new purpose of Vermont’s budget. Meaningful public participation in policy making is valuable not only as a basic right in itself, as defined by human rights law, but can be instrumental in realizing the economic and social rights of the people of Vermont. Any participatory process, along with other components of the budget process, should be guided by the human rights principles of universality, equity, transparency, accountability and participation, which are increasingly reflected in Vermont statutes.

---

<sup>1</sup> “Purpose of the State Budget” Vermont Statute Sec. E.100.1 32 V.S.A. § 306a, April 24, 2012  
[http://www.nesri.org/sites/default/files/Purpose\\_of\\_State\\_Budget\\_Sec306a.pdf](http://www.nesri.org/sites/default/files/Purpose_of_State_Budget_Sec306a.pdf)

<sup>2</sup> Ibid.

<sup>3</sup> Center For Advances in Public Engagement “Promising Practices in Online Engagement” (2009)  
[http://publicagenda.org/files/pdf/PA\\_CAPE\\_Paper3\\_Promising\\_Mech2.pdf](http://publicagenda.org/files/pdf/PA_CAPE_Paper3_Promising_Mech2.pdf)

## 2. Summary of Proposals

The Administration of the State of Vermont has been tasked (Sec. E.100.1 32 V.S.A. § 306a) with establishing a public participation process for budget and revenue decisions, grounded in the human rights goal of meeting fundamental needs and advancing dignity and equity throughout the State.

We propose that the participation process include the following elements, to be established over the next two years.

- **Direct participation** from the people of Vermont in all counties

Local deliberative congregations gather in a series of community meetings, culminating in a determination of budget goals and initiatives on a designated People's Budget Day each fall. Participants agree on **common budget goals**, guided by human rights principles and based on an assessment of Vermonters' needs, and propose **spending and revenue initiatives** conducive to achieving those goals across the state. They also review the previous year's budget outcomes and assess progress made in meeting goals. In order to advance equity, congregations will give priority consideration to the needs and rights of disadvantaged, marginalized and minority groups.

**Committees for Equity** within local deliberative congregations, involving those most affected by unmet needs, will guide discussions on issues relevant to advancing equity.

- **A People's Council** facilitates the participatory process and links it to the Administration. A People's Council, initially comprised of independent appointees and later of delegates from the deliberative congregations, is responsible for raising awareness about public participation, for designing and facilitating the participation process, for linking the process to the Administration, and for evaluating the process and government's implementation of public proposals. The People's Council consolidates the public input from across the state, possibly using a needs-based budget matrix, and presents the people's budget proposals to the governor.

- **A Needs Assessment Board** provides guidance on unmet needs across the state. A Needs Assessment Board, an independent appointed body, collects data and assesses progress on the state of needs and rights in Vermont. The Board will be responsible for implementing an accountability system that evaluates budget outcomes and reports on Vermont's progress in meeting needs and rights. Its user-friendly reports will be made available to the public and serve as guidance to the deliberative congregations.

- **Local Assistance Boards** support the deliberative congregations. Local independent assistants work with deliberative congregations to provide training and assistance in areas where participants lack expertise. Each county will have its own assistance board to support the deliberative congregations in their budget and revenue discussions, building community capacity and providing hands-on assistance on an as-needed basis.

- **The Administration** submits a budget based on people's goals

The Governor is responsible for integrating the goals and measures identified in the public process with the budget requests submitted by administrative agencies. The budget proposal to the legislature must seek to meet the budget goals put forward by the people of Vermont and include necessary revenue measures.

### **3. Forms of Participation: What Does It Mean, and What Could It Look Like?**

#### **a. Human Rights Standards for Participation**

Participation of the people in the decisions of their government is a fundamental aspect of human rights. Article 21 of the Universal Declaration of Human Rights describes this right as not only “the right to take part in the government of [one’s] country”, but that “the will of the people shall be the basis of the authority of government”. Participatory mechanisms that are equitable and meaningful must be in place to ensure that the will of the people can be heard and implemented.

The meaning and importance of participation has been further elaborated in a large body of legal analysis and guidance. The United Nations Office for the High Commissioner of Human Rights wrote,

Without participation we cannot experience and enjoy the wide range of rights and freedoms that the Universal Declaration of Human Rights seeks to guarantee. Our participation should be active, free and meaningful. Our views to improve our lives and our community should be heard and answered. We can have a say in the decisions of our local community and in national affairs. Article 21 explicitly says everyone has the right to take part in elections and government. Crucially, participation also means that the voices of people who are often excluded should be heard and heeded, especially when we are marginalised or discriminated against because of our disability, race, religion, gender, descent, age or on other grounds. We should be in a position to influence our own destiny and take part in decisions affecting us.<sup>4</sup>

The United Nations General Comment No. 25 on *The right to participate in public affairs, voting rights and the right of equal access to public service (Art. 25)*, reiterates the importance of citizen participation in the conduct of public affairs. The UN Economic and Social Council Committee of Experts on Public Administration elaborated on the dual instrumental and intrinsic value of participation in “deepening democracy”, and “promoting pro-poor initiatives, equity and social

---

<sup>4</sup> United Nations Office of the High Commissioner for Human Rights “The Universal Declaration of Human Rights – In Six cross-cutting themes”  
<http://www.ohchr.org/EN/UDHR/Pages/CrossCuttingThemes.aspx>

justice”.<sup>5</sup> Participatory governance has also been promoted as an important element of sustainable development.

In June of 2013 the Special Rapporteur to the United Nations on extreme poverty and human rights, Magdalena Sepulveda, “will submit a report on the human rights approach to participation of persons living in poverty in decisions that affect their lives.”<sup>6</sup> She cites lack of participation as critical in the cycle of poverty, writing that, “participatory methods are important tools for empowerment, accountability and ending the cycle of deprivation and dependency in favour of the autonomy and social inclusion of persons living in poverty.” Her report will map the obstacles to meaningful participation in public policy that people living in poverty face, and provide guidelines on how to increase their participation. It is expected to be the first comprehensive UN document to outline specific participatory mechanisms and examples.

The international community has affirmed that participation is an intrinsic part of human rights, as well as instrumental to achieving equity and social justice. Few in the United States would challenge the significance of some form of participation in governance, as democratic values are deeply ingrained in our society. This is particularly true in New England, where local participatory processes have long co-existed with representative structures. The development of truly meaningful and effective participatory processes, however, is still under exploration in this country and around the world. This paper seeks to expand the meaning of participation in Vermont within a human rights framework, as well as propose new forms of participation to advance dignity and equity in Vermont.

#### **b. Levels of Participation in State Budgeting**

Over recent years, participatory budgeting initiatives have gained increasing popularity as a reaction to unresponsive representative processes and widespread failure to meeting fundamental needs despite economic growth. These initiatives typically involve a competitive process in which local residents decide the allocation of a limited amount of discretionary funds for infrastructure projects. Originating in Porto Alegre, Brazil, participatory budgeting has inspired projects across the world, including in the United States (Chicago and New York City), yet these have not extended beyond the local level. The funds made available for participatory allocation usually constitute a very small portion of the overall budget and the revenue aspect of budgeting is not considered at all. Hence, outside Brazil, the ability of participatory budgeting to address needs and advance rights has remained unclear and incidental.

We propose a different approach for Vermont, starting at the state-level and emphasizing the principles, goals and outcomes of budgeting. Using rights-based participatory mechanisms in state

---

<sup>5</sup> United Nations Economic and Social Council, Committee of Experts on Public Administration “Participatory governance and citizens’ engagement in policy development, service delivery and budgeting” (April 2007) 4  
<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan025375.pdf>

<sup>6</sup> United Nations Office of the High Commissioner for Human Rights “Participation of persons living in poverty”  
<http://www.ohchr.org/EN/Issues/Poverty/Pages/ParticipationOfPersonsLivingInPoverty.aspx>

budgeting enables both a scaling up of existing participatory models as well as a paradigm shift in budget and revenue policies more generally, moving from competitive allocation, based on assumptions of scarcity, to collaborative proposals for funding shared goals.

Participation in state budgeting could take on several possible forms; any one of which, if adopted, would place Vermont in a pioneering leadership role in the United States. Based on examples of current local participatory structures, and experiments in participatory budgeting around the world, the following levels of participant engagement in state budgeting are feasible.

### **Needs-based Budget Advocacy**

Participants are involved in community and state-wide discussions about how the budget can meet its purpose of addressing people's needs. At community level, participants engage in needs assessments, and review current and proposed budget and revenue policies. They adopt general budget resolutions outlining priorities and areas of unmet need. The Administration takes these resolutions into account in the budget formulation process, but their implementation is not required. Participants understand their participation as an advocacy tool, and as a step toward holding government accountable.

### **Setting Budget Goals and Proposing Initiatives**

Permanent participatory mechanisms are put in place that allow people to contribute to shaping state budget and revenue policies through setting annual budget goals and priorities, as well as proposing concrete spending and revenue initiatives. Everyone is affiliated with a local deliberative congregation that has an institutionalized role within the budget process. Upon identifying specific budget goals, priorities and corresponding spending and revenue measures, participants transmit these to the Administration (via an intermediary body that coordinates state-wide inputs). The Administration is required to provide a detailed report on how goals and priorities will be implemented and how proposed spending initiatives are assessed. The state budget is expected to allocate the requisite resources and revenue towards achieving the people's goals and priorities. This is the level of participation recommended in this paper.

### **Determining Budget Line Items**

This advanced level of participatory engagement in state budgeting builds on the structures developed in the previous levels. Deliberative congregations determine specific budget line items, based on an assessment of previous budgets, cost estimates and needs-based prioritization. Participants propose the actual budget allocations required to address needs deficits throughout their communities, along with revenue streams. Proposed allocations are consolidated throughout the state, submitted to the Governor and reconciled with budget requests from the agencies. The budget submitted to the legislature reflects community-based allocation proposals.

#### **c. Vermont's Tradition of Participation**

Vermont already offers an impressive array of opportunities for residents to participate in the local decision-making process, and this history and practice should inform the implementation of a state-

wide participatory process. For example, Town Meetings and Neighborhood Planning Assemblies could serve as familiar models for larger scale processes to inform state-wide policy making.

### **Town Meetings**

Vermont's history is steeped in the New England tradition of public governance. Town Meetings have been used for generations to determine town budgets in Vermont. This existing participatory method is a tool that could serve as an inspiration for participatory processes at the state level. Vermont Statutes decree that

A town shall vote such sums of money as it deems necessary for the interest of its inhabitants and for the prosecution and *defense of the common rights* (emphasis added). It shall express in its vote the specific amounts, or the rate on a dollar of the grand list, to be appropriated for laying out and repairing highways and for other necessary town expenses.

This statute has been widely interpreted as giving towns the duty of drafting budgets and residents voting on them in a town hall meeting. Governed by publicly elected Selectboards, the Town Meetings are imbued with the principle of participatory governance. In the Vermont Selectboard's Handbook, the duties of the members of this elected council are described as, "the general supervision of the affairs of the town and shall cause to be performed all duties required of towns and town school districts not committed by law to the care of any particular officer" as determined by 24 V.S.A. § 872. The Selectboard Handbook describes the town budgeting process:

An adequate town budget, noted the late Andrew Nuquist in Vermont State Government and Administration, should include a statement by the selectboard which: (1) reports the total financial condition of the town; (2) gives a detailed comparison of one or more previous years; (3) includes the expenditures of the year just passed; and (4) presents the proposed budget for the coming year. This should be followed by the dollar amount required (or suggested by the board).

Yet Vermont's tradition of local participation also faces some challenges. Town Meetings have become overly reliant on Australian balloting and polling. These silent, secret, single vote systems disrupt the discussion and deliberation aspects of participatory governance that are integral to its success. Moreover, Town Meeting participants give their input on the budget after it has been drafted. They can only amend budgets up or down, rather than shaping the development of budget policy. A perspective on revenue policy is not included at all.

### **Neighborhood Planning Assemblies**

The city of Burlington has sought to expand local participatory mechanisms and enable public input during the early stages of policy development. Burlington employs a system called Neighborhood Planning Assemblies (NPAs), Described as "grassroots, neighborhood organizations that were established in each of Burlington's seven Wards to encourage citizen participation in City



government,”<sup>7</sup> NPAs serve primarily as vehicles of communication between the people and the government of Burlington. NPAs are governed by an elected Steering Committee, whose members are responsible for “scheduling the meetings, setting the agendas, moderating the meetings, and making sure that everyone who wishes to, has an opportunity to speak.”<sup>8</sup> NPAs can pass what are known as “Resolutions”, which “[ensure] that elected officials and Department heads know what residents are thinking about particular issues before they make decisions”<sup>9</sup>. Although lacking decision-making authority, NPAs illustrate a way for better integrating public participation in policy-making throughout the state.

### **eParticipation<sup>10</sup>**

Other methods of public participation in Vermont include the use of digital tools, primarily Internet applications, for engaging residents in discussions with each other and with their government on policy issues. Vermont utilizes e-participation to connect people and help them take part in civic dialogue. Vermont’s “e-Vermont Community Broadband Project” seeks to “help rural towns realize the full potential of the Internet.” Funded by a federal program for Sustainable Broadband Adoption (SBA), 24 rural communities were selected to receive support for town-selected, thematic Internet development projects between 2010 and 2012.

The locally developed website [frontporchforum.com](http://frontporchforum.com) was built to connect neighbours throughout Vermont towns to each other via the Internet. More than half of Burlington’s households subscribe to the site. Internet applications are being developed and explored by Vermonters as a means of sharing their opinions and connecting with one another.

E-participation cannot replace in-person methods of participation, but when combined with other processes it can help reach a much larger part of the population. Thus, incorporating the tools of technology can be a valuable way to scale-up participatory processes and facilitate the move from local to statewide civil engagement.

## **4. Principles for Participation in Budgeting: Process and Outcomes**

Regardless of what level of engagement participants are able to achieve initially in the state budgeting process, there are several principles that should guide any meaningful participatory process. These basic principles correspond to human rights standards in policy making generally, and are substantiated by expert evaluations of participatory processes across the world.

---

<sup>7</sup> Burlington Vermont “Neighborhood Planning Assemblies”

<http://www.burlingtonvt.gov/CEDO/Neighborhood-Services/Neighborhood-Planning-Assemblies/>

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> For further reading on eParticipation, see: InterNeg Research Papers “Towards Decision Support for Participatory Democracy” & “Understanding e-Participation - Contemporary PhD eParticipation research in Europe”

## a. **Process Principles**

### **Transparent**

Easy-to-understand information, transparent goals and methods, and clear outcome expectations are critical to building productive and sustainable processes with high levels of public engagement. Participants should be clear on the purpose and objectives of the process. Both budget information and the participation process itself should be clear and easy to understand, and guiding materials should be developed to raise awareness and answer questions about the process. An opaque process fosters doubt that participants' views receive serious consideration and creates a disincentive for continued participation. Budgets and related information should be presented in a user-friendly and accessible format. The easier the budget is to understand, the more motivated people will be to contribute, and the greater confidence participants will have in the process.

### **Accountable**

Participants in the public process must be able to hold the government accountable for acting on the proposals emerging from that process. Participants should be able to track the uptake of their proposals, how and when they were considered, why they were amended or rejected, and how they are reflected in the final budget. Outcomes of the participatory process should be compiled in an annual report, and the process itself should be evaluated in regular intervals. As with transparency, a lack of governmental accountability would create a significant disincentive for participants. If people do not see that their efforts and suggestions are taken seriously and are worthwhile, they will become disillusioned with the process and discontinue their involvement.

### **Meaningful Participation: Collaborative, Collective and Inclusive**

Participatory formats that maintain a high quality of conversation among participants are critical the success of the process. A participatory process must foster open discussion and dialogue among participants, while using tools to enable agreement and decision-making. Well-designed tools and procedures should be used to limit the possibility of "shouting, abuse and trivialization"<sup>11</sup> or the dominance of the discussion by a few participants. A format that moderates discussions to recognize points of agreement among participants can foster inclusivity and productivity.

Dialogue is imperative for the participatory process; a superficial deliberative process will be ineffective. University of Vermont professor Frank Bryan cites the shifting of town meeting decisions to the polling booth, under the Australian Ballot system (where people vote in secret and the majority wins), as the greatest blow to participatory governance in Vermont. Bryan considers the lack of discussion amongst community members as a direct threat to local participatory governance.<sup>12</sup> More deliberative meeting formats can produce collective understanding and rational decision-making in a community.

---

<sup>11</sup> European Commission Information Society and Media "European eParticipation Summary Report" (2009) 19 [http://ec.europa.eu/information\\_society/activities/egovernment/docs/reports/eu\\_eparticipation\\_summary\\_nov\\_09.pdf](http://ec.europa.eu/information_society/activities/egovernment/docs/reports/eu_eparticipation_summary_nov_09.pdf)

<sup>12</sup> Bryan, Frank. Burlington Free Press "Town Meeting: The People's Congress" (March 4, 2007)

As a fundamental human rights principle participation requires that every person and every community is able to have their voice heard and their opinion considered. A true and meaningful participatory process, therefore, works to overcome the many barriers to participation that people may face, such as geographic isolation, educational disadvantage, economic or financial needs, family and caring commitments, technological skills gap, information deficits, discrimination, active discouragement, etc. Standard measures to address such barriers include holding meetings on holidays/weekends, providing childcare, offering training and hands-on assistance, providing translation and interpretation, ensuring transportation, and offering meals. Real inclusivity is critical to the success of any participatory process, to ensure that the decisions are not based on a perpetuation of existing exclusions.<sup>13</sup>

### **Institutionalized**

Participatory systems, along with these guiding principles, should be formally embedded in the state's budget and revenue process. It is critical that representative governance structures are both committed and institutionally required to collaborate with the people in participatory governance mechanisms. "The most significant finding in the literature is that for [participatory governance] to work requires both a commitment from political leaders who believe in the importance of citizen self-government and a civil society that is mobilized to fight for participation as an end in itself"<sup>14</sup>. Representative government bodies must fund, facilitate and collaborate with participatory mechanisms, as well as incorporate the proposals put forward by participatory processes.

#### **b. Outcome Principles**

Beyond the intrinsic value of participation in public policymaking, it is important to employ participatory governance in a way that promotes rights-based outcomes and increases people's well-being. Participatory governance can be a tool for addressing and overcoming both the democratic deficit and the depriving impacts of existing power relations.

### **Rights-based: Universal and Equitable**

Participatory processes should be devised with the goal of fostering decision-making that promotes the universal and equitable fulfilment of people's needs and rights. Human rights principles should be explicitly used as normative and analytical guidance for proposals and deliberations. The principles of universality and equity, along with those of transparency, accountability and participation, should be adopted as the formal basis of public policy-making.

### **Needs-based**

A focus on people's fundamental needs is critical to the advancement of human rights through participatory governance. Special support structures for increasing the participation of

---

<http://www.uvm.edu/~fbryan/peoples%20congress.pdf>

<sup>13</sup> American Political Science Association, Task Force Report "Democratic Imperatives: Innovations in Rights, Participation, and Economic Citizenship" (April 2012) 48

[http://apsanet.org/imgtest/TF\\_DemocracyReport\\_Final.pdf](http://apsanet.org/imgtest/TF_DemocracyReport_Final.pdf)

<sup>14</sup> Ibid. 45

disadvantaged groups can help identifying and prioritizing unmet needs. This must be accompanied by a systematic collection, assessment and reporting of quantitative and qualitative data on statewide needs, and a formal process for prioritizing needs in decision-making. A needs-based system of budget allocation recognizes that some people lack the resources necessary to enjoy their human rights and thus allocates funds accordingly to address those deficits. A needs-based index can enable the rational allocation of funds to address these needs according to their relative severity.

### **Budget-based Revenue Measures**

A participatory approach to state budgeting should include a focus on revenue. Spending proposals that have to operate within the limits of the annual revenue forecast and lack the authority to make recommendations about resource mobilization are hamstrung from the outset. This does not mean that spending proposals can only be made if a revenue source is identified – on the contrary: each spending initiative, once agreed, should receive adequate resources. Participants should be able to play an active role in the state’s revenue policy. Deliberative congregations should review and discuss the links between unmet needs, budget goals and revenue measures.

## **5. Supporting Participation: Developing Structures and Capacity**

### **a. Needs and Cost Analysis**

Participatory processes should be guided by both principles and facts. Discussions and decisions on the budget should be grounded in participants’ own experience of unmet needs, as well as an expert analysis of population well-being, assessment of needs, measurement of outcomes and evaluation of budget interventions. Below we present examples of the role of expert analysis and information for participatory processes.

### **Data Collection in Uganda**

When Uganda began experimenting in increased citizen participation in 2002-2003, it introduced Technical Planning Committees (TPCs) to analyze the situation in local areas, and provide project assistance. “The TPC is chaired by the Sub-county Chief/Town Clerk and consists of departmental staff and members co-opted by the Sub-county Chief/Town Clerk.”<sup>15</sup> TPCs are responsible for compiling information about “service coverage levels, poverty and livelihood issues and trends for the different poverty categories and parishes (poverty pockets) and environmental issues.”<sup>16</sup> They are also responsible for disseminating this information to Lower Local Governments (LLG) and the people at large. At the beginning of each fiscal year, the TPCs must also review their successes and failures the previous year and provide this information to the local governments and to the people. TPCs then assist the local participatory bodies and local governments in addressing any

---

<sup>15</sup> Republic of Uganda Ministry of Local Government “Harmonized Participatory Planning guide for Lower Local Governments” (August 2003) 5

[http://www.khanya-aicdd.org/publications/CBP%20HPPG\\_for\\_Lower\\_Local%20Governments\\_0308.pdf/](http://www.khanya-aicdd.org/publications/CBP%20HPPG_for_Lower_Local%20Governments_0308.pdf/)

<sup>16</sup> Ibid.

shortcomings identified. The purpose of the TPCs is to facilitate a bottom-up process of governmental planning, beginning at the ward/parish level and then moving up to the executive and back down for implementation.<sup>17</sup>

The Technical Planning Committees thus resemble a combination of the proposed bodies for Vermont. Their assessment and data compilation services parallel the responsibilities we envision for the Needs-Assessment Board.

### **Rights-based Cost Analysis**

If human rights standards, and their practical manifestation in fundamental human needs, are to form the basis of budget proposals, assistance could be given to participants to formulate those proposals in financial cost terms and thus help monitor the allocation of sufficient resources. While a focus on outcomes, e.g. through adopting an indicator system that measures needs fulfilment, is crucial to rights-based budgeting, a specific determination of required financial inputs would be required for any participatory process operating at the level of determining budget line items. A rights-based cost analysis of a proposed initiative would enable people to make specific budgetary demands for the allocation of requisite funds. It would not be an analysis to ascertain the feasibility of a proposal (which would be part of developing a revenue plan).

The international non-governmental organization Equal in Rights published guidance on rights-based cost analysis and reviewed emerging examples of projects across the world. They concluded: “In order to realize the full benefits of technical tools such as costing in the field of human rights advocacy, there is an urgent need for partnerships and capacity-building”<sup>18</sup>. Where public participation involves the determination of financial costs, expert advice from independent bodies would be needed to carry out a rights-based cost analysis.

#### **b. Facilitation of Participation**

Public participation must be supported (including financially) and facilitated. Meaningful participation in governance requires the development of skills that many people do not typically need in their daily lives, which is known as the “capacity gap”<sup>19</sup>. The Expert Group Meeting on Engaged Governance concluded that “imaginative institutional innovation” is necessary so that the people can access information from experts “without being beholden to them”.<sup>20</sup> Several international examples of participatory governance illustrate the importance of training and capacity building programs, and the development of permanent support structures for participatory processes.

### **People’s Campaign for Decentralized Planning, Kerala, India**

---

<sup>17</sup> Ibid.

<sup>18</sup> Steenbergen, Victor. Equal in Rights “A Guide to Costing Human Rights” (2011) 38

<sup>19</sup> United Nations Department of Economic and Social Affairs “Participatory Governance and the Millennium Development Goals (MDGs)” (November 1-2, 2006) 28

<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan028359.pdf>

<sup>20</sup> Ibid. 29

In 1996, the Indian state Kerala initiated the “People’s Campaign for Decentralized Planning”, as part of the 9<sup>th</sup> Five Year Plan. The 1,214 local governments in Kerala gained new decision-making powers and were granted discretionary budgeting authority over 35-40% of the state’s budget.<sup>21</sup> State officials sought to “maximize the direct involvement of citizens in planning and budgeting” on an ambitious and novel scale.<sup>22</sup> Local governments were charged with “designing and implementing their own development plans” through a “series of nested participatory exercises in which citizens were given a direct role in shaping –rather than just choosing- policies and projects.” The process was set up as follows:

- Open meetings at the ward level are held on holidays and in public buildings, preceded by extensive publicity and the distribution of planning documents. The first meeting is an open forum where residents identify local problems, generate priorities, and elect representatives to serve in “Development Seminars,” where specific proposals are formulated. Subsequent meetings select beneficiaries for the programs and produce reports with lists of “felt needs”.
- “Development Seminars” develop integrated solutions for various problems identified at the open meetings. In addition to community representatives these seminars include local political leaders, key officials, and experts. The seminars produce a comprehensive planning document.
- Task Forces for 10 issue areas are formed by the Development Seminars. They convert the Seminar’s broad solutions into proposals.
- The final 5-year budget plan is drafted and consolidated by the *panchayats* (various governmental levels: village, block, district, municipality, municipal corporations), yet it does not consider revenue policy and is instead based on a pre-determined amount of resources.

After five years of the People’s Campaign, 40% of respondents felt there had been “significant” improvement outcomes in almost half of the development activities (housing for poor people, efforts to improve income and employment) and public services (health, education, roads, etc). The most marked successes were building roads, housing for poor people, and children’s services.

As part of the People’s Campaign, the Kerala state government orchestrated a massive training program to educate and prepare people at all levels of the process. The first year, in “seven rounds of training [by the State Planning Board] at state, district and local level, some 15,000 elected representatives, 25,000 officials and 75,000 volunteers were given training. About 600 state level trainees – called Key Resource Persons (KRP) – received nearly 20 days of training. Some 12,000 district level trainees – District Resource Persons (DRP) – received 10 days of training and at the local level more than 100,000 persons received at least five days of training.” Subsequent rounds of training throughout the five year campaign targeted women and people with low-incomes. These Key Resource Persons and District Resource Persons facilitated community participation at the open meeting and at other stages of the process. To overcome further organizational challenges a Voluntary Technical Corps was set up, staffed by retired technical experts and professionals. These volunteers spent at least one day a week giving technical assistance to the *panchayats*. Ultimately,

---

<sup>21</sup> Participedia “Kerala’s People’s Campaign for Decentralized Planning” (May 31, 2010)

<http://participedia.net/cases/kerala-people-s-campaign-decentralized-planning>

<sup>22</sup> Ibid.

more than 4,000 technical experts enrolled in the VTC.<sup>23</sup> Further Expert Committees were formed to appraise the technical and financial aspects of the community proposals and provide suggestions and modifications to make them more viable.<sup>24</sup>

Kerala's People's Campaign illustrates that a large-scale participatory process requires significant training and capacity building, along with an organized and prepared body of experts upon which participants can lean for assistance.

### **Integrated Development Planning, Durban, South Africa**

Another example of experts working systematically with the people to facilitate a participatory process can be found in Durban, South Africa. In 2001, the eThekweni Municipality initiated a process of "Integrated Development Planning," centered on community participation and citizen's needs assessments. The Municipality approved a budget that integrated extensive community involvement, calling it a "People's Budget."<sup>25</sup>

As a component of their participatory development plan, "50 Council employees were identified, trained and paid as facilitators to support the process. In addition 100 community facilitators were identified from local CBOs (Community Based Organizations) and Forums to assist with their knowledge of community dynamics. Facilitators were trained on a number of areas, including workshop organization, programme design, workshop facilitation techniques, negotiation, role-playing, etc... Each community-based facilitator (CBF) was supported by a facilitator employed by the Municipality...for logistical support".<sup>26</sup>

After the budget was completed, the Municipality established a permanent Community Participation and Action Support Office to "provide community support services to citizens...to enable them to influence Council decisions..."<sup>27</sup> eThekweni's efforts to integrate the community into the budgeting process led them to conclude that support for facilitation is critical to the participatory process.

### **Comité de Vigilancia, Bolivia**

Created in 1994, Bolivia's *Plan de Todos*, or Popular Participation Law, has been described as a "big bang" decentralization initiative. The number of municipalities increased from 30 to 311, the number of sub-national elected positions increased from 300 to 2900, and 20% of national tax revenue became a guaranteed transfer to municipalities, relative to population size, of which 85% was required to be spent on investment. As part of this restructuring, a "parallel municipal structure called a Comité de Vigilancia (Vigilance Committee or CV) [was established] in each municipality

---

<sup>23</sup> Isaac, Thomas. Centre for Development Studies and Kerala State Planning Board "Campaign for Democratic Decentralisation in Kerala - An Assessment from the Perspective of Empowered Democracy" (Jan. 12, 2000) 18

<sup>24</sup> Ibid. 19

<sup>25</sup> Department of Provincial and Local Government, Mangaung Local Municipality South African Local Government Association "Community-Based Planning in South Africa: the CBP project as at 30 September 2004" (October 18, 2004) 44, <http://unpan1.un.org/intradoc/groups/public/documents/cpsi/unpan019290.pdf>

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

[and was] charged with preparing investment plans as well as [overseeing] the council's implementation of investment."<sup>28</sup> Representatives for rural CVs were chosen through officially recognized, geographically-based community organizations (OTBs) for terms of 2 years, while representatives for urban CVs were selected by neighborhood councils and given authority over a specified geographical area.

Positive outcomes included increased participation by the poor, who "assumed leadership positions in the OTBs as often as those in the top quintile", and subsequent investment in "human capital sectors like education and health" in poor areas, by a margin of 3-to-1 over the wealthier towns, who spent their money on "urban amenities like streetlights and new municipal offices".<sup>29</sup>

International donor organizations helped train CV members in municipal planning, budget monitoring, and other relevant areas of expertise. Yet CV members still faced challenges in their new roles and often "found themselves in over their heads with their new responsibilities".<sup>30</sup>

The Bolivian initiative confirms how important training, capacity building and technical assistance are to participatory decision-making. Community members are unlikely to have the requisite knowledge to navigate complicated processes and technical aspects of policy-making on their own. Capacity building and technical assistance are needed to guide people's understanding of the issues and the technicalities of the process.

### c. **eParticipation: Ideas for Implementation**

E-Participation offers novel channels of interaction between the people and their government, as well as unprecedented flexibility. As with in-person forms of participation, e-participation must be guided by relevant information and analysis, as well as carefully designed and facilitated. Residents can use digital tools to (1) view and understand information, (2) propose ideas and suggestions, (3) exchange comments and thoughts on proposals in a moderated discussion, (4) indicate their preferences and come to a consensus or vote, and (5) track the progress of discussions, suggestions and policy.

Providing there is sufficient Internet coverage, a large number of people can access tools and community discussions. There is an unlimited potential for scalability using online tools. At lower costs than producing a physical meeting, any number of participants can join an online chat from their own homes. There are no restrictions for occupancy or feasibility; everyone can join in.

Online participation is "granular"<sup>31</sup>, meaning people can participate on their own time, and at whatever level they have interest in. Unlike in-person meetings, participants can join the conversations they have opinions on at whatever time is convenient to them. A participant can

---

<sup>28</sup> United Nations Department of Economic and Social Affairs "Participatory Governance and the Millennium Development Goals (MDGs)" (November 1-2, 2006) 84

<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan028359.pdf>

<sup>29</sup> Ibid. 85

<sup>30</sup> Ibid. 86

<sup>31</sup> Shkabatur, Jennifer. Brooklyn Law Review "Digital Technology and Local Democracy in America (2011) 7



choose to be engaged on a small or large scale, depending on their interest or their availability. This flexibility has the potential to draw a much larger number of people into the process.

Online formats are “equalizing”<sup>32</sup>, in the sense that they eliminate the social barriers that often exist in an in-person format. Online, people without the requisite social personality to participate in an in-person community discussion have the opportunity to express themselves in relative comfort and security. This increased inclusivity further allows for the publication of issues that otherwise may have remained hidden.

There is some thought that online forums can even improve the quality of conversation<sup>33</sup>. The “asynchronous character” of the online forum allows participants time to read thoroughly, and carefully consider, other people’s posts before making their own comment. This time gap gives the participant time to rationally consider the arguments being discussed, and perhaps comment more thoughtfully.

E-participation offers several solutions to facilitating the involvement of the poor or otherwise disadvantaged in the participatory process. Often, people who would like to participate in community meetings cannot afford to take the time off from work to attend. People who live in rural areas and are geographically isolated often cannot afford to make the commute to a meeting. The social makeup of a community meeting might trend toward one socio-demographic group over others, thereby inadvertently excluding some segments of the population. These are exclusionary scenarios of marginalized or disadvantaged groups that online participatory tools can remedy. The flexibility of online forums, discussions and polls allows people to access them at anytime, from any place, without any cost to them, and the relative anonymity eliminates any discriminatory social pressures.

Of course, there are several drawbacks to online participatory tools. Insufficient Internet access and lack of widespread digital skills are two fundamental restraints that could exclude any number of people, particularly people living in poverty, people with learning disabilities and older people. Furthermore, a poor structural design of the online medium could reduce its effectiveness and discourage its use. Other concerns are the potential for poor quality of online discussions due to lack of information and education, particularly on issues of rights and justice, and a simple exchange of information between the government and the people being mistaken for participatory democracy.

A prerequisite for scaling up Vermont’s existing processes of eParticipation would be the expansion of Internet access throughout the state, especially in the most rural areas. Integrating the online participatory process with in-person methods of deliberations would also serve to address some concerns related to eParticipation. Providing technical facilitators in public places like libraries could be a way to offer assistance in using the online applications for those without the requisite digital skills. Other solutions may involve rallying communities through a publicity campaign in order to increase people’s interest and motivate their participation. There is much evidence of the

---

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

success of online social platforms in engaging people around the world; below we look at the example of Germany.

## Germany

In recent years, the German government has instituted an E-Government 2.0 program that “prioritizes citizen participation in government and politics”.<sup>34</sup> From 2008 to 2010, the UN’s eGovernment benchmark increased Germany’s eParticipation ranking from 46<sup>th</sup> to 14<sup>th</sup>.<sup>35</sup> Examples of forms and processes involving digital participation follow below.

**Initiate discussion** by proposing selected topics to participants online (Cologne, Germany)

**Open online platform** where residents can discuss budgetary questions with each other, make suggestions for what should be included in the budget, and vote on the best proposals (Berlin-Lichtenberg, Germany)

- Pro/con evaluation of each suggestion by residents (Cologne, Germany)
- Participants provided with extensive reference materials (Freiburg, Germany)
- Collaborative wiki-style writing tools for online discussion of suggestions (Freiburg, Germany)
- Open forum chats with elected representatives and other community members, via instant message board or video call, where participants question them about certain proposals and exchange ideas
- Residents requested to create individual budgetary plans relying on online “budget calculator”, and must explain their preferences and choices (Freiburg, Germany)
- Voting on prioritizing the proposals through online questionnaires and other channels

### Inclusivity

- Certain number of randomly selected residents that match socio-demographic distribution of city are formally invited to participate (along with open-to-all, self-selected participants) in order to ensure their representation (Freiburg, Germany)
- Call center set up for residents who don’t have access to the Internet to call in and ask staff to post their proposals (Cologne, Germany)
- Public institutions such as libraries offer computers and assistance with the digital process for those without the requisite digital skills

**Moderator** (Berlin-Lichtenberg, Germany)

- Trained moderators help enhance level of online discussion, produce eloquent proposals, lower entry barriers, and ensure balanced representation of opinions (Freiburg, Germany)

---

<sup>34</sup> [http://assets1.csc.com/de/downloads/CSC\\_policy\\_paper\\_series\\_06\\_2010\\_government\\_20\\_beta\\_phase\\_English.pdf](http://assets1.csc.com/de/downloads/CSC_policy_paper_series_06_2010_government_20_beta_phase_English.pdf)

<sup>35</sup> Ibid, p.2

- Web-based group decision support system (PARBUD): promotes virtual meetings through integrative methodology, confidential revelation of preferences, and mediation for conflict resolution<sup>36</sup>

**Face to face assemblies** with elected representatives to discuss online suggestions and new suggestions, and hold voting (Berlin-Lichtenberg)<sup>37</sup>

- Face to face events to discuss ideas and concerns with public officials (Freiburg)

**Top number of suggestions** with majority vote chosen

- Randomly selected residents survey and rank suggestions (Berlin-Lichtenberg)
- Top number of suggestions brought to a council of representatives (Berlin-Lichtenberg)
- Representatives vote on the suggestions and publicize their decisions/reasoning (Cologne)

**Accountability:** Suggestions have tracking numbers so residents can monitor their progress (Berlin-Lichtenberg)

- Tagging system of topics so they can be tracked throughout the process (Cologne)
- Annual publication of brochure that describes the outcomes of the participatory process (Berlin-Lichtenberg)

Drawing on German experiments with engaging people through online mediums and based on existing practice in Vermont, similar processes and platforms could be developed for participation in developing Vermont's budget and revenue policies.

## 6. Fulfilling the Budget's Purpose: Addressing Needs, Advancing Equity

Vermont's statute now mandates the state budget to address people's needs and advance equity. Most existing participatory budgeting processes do not include these objectives; they merely focus on the process goal of increasing civic engagement. While there is evidence that greater public participation contributes to improved outcomes that enhance people's well-being, there is no necessary correlation between participation and the meeting of human needs and rights. Therefore, the following section offers examples of participatory structures and processes designed specifically to achieve the goals of addressing unmet needs and advancing equity.

### a. Committees for Equity

To advance equity - and human rights more generally - the participation and needs of marginalized and disadvantaged people must be prioritized. This involves an explicit focus at both the process and the outcomes level; in other words, people most impacted by injustices must receive specific

---

<sup>36</sup> Group Decision and Negotiation (GDN) 2006: International Conference, Karlsruhe, Germany June 25-28, 2006, proceedings (p149); "Supporting participatory budget elaboration through the web", Jesus Rios

<sup>37</sup> [http://www.robert.krimmer.at/static/rkrimmer/files/demo-net\\_book.pdf](http://www.robert.krimmer.at/static/rkrimmer/files/demo-net_book.pdf)  
[http://publicagenda.org/files/pdf/PA\\_CAPE\\_Paper3\\_Promising\\_Mech2.pdf](http://publicagenda.org/files/pdf/PA_CAPE_Paper3_Promising_Mech2.pdf)

support for the participation in public processes, and decisions taken in these processes must foreground the needs of those groups.

### **Vulnerable Groups Programme, Durban, South Africa**

The city of Durban, South Africa, explored prioritizing the voices and needs of disadvantaged groups through its Community Participation and Action Support Office. The Vulnerable Groups Program specifically sought to identify and address the needs of people who had been most neglected by public policy. These included people with disabilities, children, elderly people, people who had been made homeless, refugees, people with HIV/AIDS, and women. During the policy development process, proposals to benefit these groups were compiled for consideration. A key component of this program was the creation of systems through which these groups could be engaged in the decision-making processes of the eThekweni Municipality.<sup>38</sup>

This example shows an effort to support the participation of disadvantaged or marginalized people, with a view to ensuring inclusiveness and guaranteeing discussion of issues that might otherwise go unheard. In any participatory process, this could be achieved by setting up Committees for Equity composed of people most affected by unmet needs and inequities. Each deliberative congregation could include such a Committee, which would raise issues most pertinent to disadvantaged, marginalized or minority communities. Beyond ensuring inclusiveness, this process could entail a commitment to prioritize the needs of these communities.

#### **b. Need-based Budgeting**

##### **Porto Alegre & Need-Based Budget Allocation**

In 1989, the city of Porto Alegre, Brazil, pioneered the practice of participatory budgeting. Since then, the city has organized twice yearly assembly meetings where everyone is entitled to participate. Residents identify thematic and sectoral budget priorities for the upcoming year. Elected delegates from each assembly are then sent to represent community interests at the Council of Participatory Budgeting, where specific allocations are negotiated.<sup>39</sup>

An important step in the process is the use of grading and weighting criteria to assign importance to spending programs. This “budget matrix” system is used to rationally allocate funds across each of the 16 regions of the city based on relative need. The needs index is determined by three criteria: need, population and priority. “Need” refers to the determination of how seriously a region lacks fundamental goods, services or infrastructure. “Population” refers to the size of the region relative to the number of people living in it, and “priority” is a ranking determined by the people themselves as to how critical the required expenditure is to their community.

---

<sup>38</sup> The Official Website of the eThekweni Municipality “Vulnerable Groups Programme”

[http://www.durban.gov.za/City\\_Services/Commuhnity\\_Participation/Pages/Vulnerable-Groups-Programme.aspx](http://www.durban.gov.za/City_Services/Commuhnity_Participation/Pages/Vulnerable-Groups-Programme.aspx)

<sup>39</sup> “Moving Toward Human rights Budgeting: Examples from Around the World – Background briefing prepared by NESRI” (September 2011), [http://www.nesri.org/sites/default/files/Moving\\_Toward\\_Human\\_Rights\\_Budgeting.pdf](http://www.nesri.org/sites/default/files/Moving_Toward_Human_Rights_Budgeting.pdf)

Each of these criteria is given a numerical value, and applied to every region within the city. Need receives 3 points, Priority receives 3, and Population receives 2. The relative weight of each criterion is then graded on a 0-5 scale per region, by the residents of the region. Multiplying the region's grades against the initial criteria determines that region's total grade for each criterion. The totals are then added across the three criteria for each region, and each region's newest totals are added together to determine a total number of points for the whole city. The percentage of the total budget that should be allocated to each region is determined by dividing the region's total by the city's total.<sup>40</sup>

Porto Alegre's participatory budgeting can boast successes both at process and outcome levels. Participation from lower-income people has been good, with 40% of participating having a household income of one to three times the minimum wage.<sup>41</sup>

Outcome measurements suggest that the budgeting process, which emphasizes both the participation of disadvantaged groups and the prioritization of their needs via needs-based allocation, has resulted in tangible improvements of the well-being of poor and low-income residents. The number of schools in the city increased from 37 in 1989 to 89 in 1999. There was a fall in illiteracy from 8% in 1995 to 3% in 1999. There was a fall in the truancy rate from 9% in 1989 to 0.97% in 1999. Since 1989, nearly 9000 families have been re-housed in brick dwellings.<sup>42</sup> "Between 1989 and 1996, the number of households with access to water services rose from 80% to 98%; percentage of the population served by the municipal sewage system rose from 46% to 85%; number of children enrolled in public schools doubled; in the poorer neighborhoods, 30 kilometers of roads were paved annually since 1989; and because of transparency affecting motivation to pay taxes, revenue increased by nearly 50%."<sup>43</sup>

### **Beyond Brazil: Adapting the Budget Matrix**

The development of a needs-based budget matrix for use in participatory budgeting has not yet spread much beyond Brazil. An exception can be found in the UK, where Brazil's methodology has been adapted for local purposes. For over a decade, the Participatory Budgeting Unit, a project of the Church Action on Poverty, based in Manchester, has promoted the use of a budget matrix as a technique to "compare priorities against levels of deprivation between different parts of a city or local authority area."<sup>44</sup> While the Participatory Budgeting Unit reported over 120 local participatory budgeting initiatives in England, over 20 in Wales and 7 in Scotland, a 2010 evaluation found that

---

<sup>40</sup> "Participatory Budgeting in Porto Alegre: Toward a redistributive Democracy" (December 1998)

<http://www.ssc.wisc.edu/~wright/santosweb.html>. For more information on the needs-based index in Porto Alegre, see *Participatory Budgeting in Porto Alegre: Towards a Redistributive Democracy* in *Politics and Society*, December 1998.

<sup>41</sup> <http://www.ssc.wisc.edu/~wright/santosweb.html>

<sup>42</sup> Ibid.

<sup>43</sup> Social Development Notes "Case Study 2 – Porto Alegre, Brazil: Participatory Approaches in Budgeting and Public Expenditure Management" (March 2003)

<http://siteresources.worldbank.org/INTPCENG/1143372-1116506093229/20511036/sdn71.pdf>

<sup>44</sup> "Developing a Budget Matrix"

<http://www.participatorybudgeting.org.uk/documents/App%20P%20developing%20a%20budget%20matrix.pdf>

participatory budgeting initiatives in the UK had not gone beyond the allocation of discretionary grants to very small local projects.<sup>45</sup>

Yet the Participatory Budgeting Unit's guide to using a Budget Matrix<sup>46</sup> is a valuable tool for developing participatory budgeting that prioritizes the needs of disadvantaged people. The Budget Matrix is a system for objectively allocating funds to areas with the greatest need. "Following discussions that establish local needs and priorities," tables of information convert those priorities into financial allocations.<sup>47</sup> The tables relate three interconnected issues: (1) residents' concerns (akin to the "priority" criterion in Porto Alegre), (2) relative levels of deprivation between areas ("need"), and (3) relative population of each area ("population"). On a local scale, residents weigh their level of need in certain areas (housing, education, etc) using a numeric scale, which is compared across localities to produce city-wide priorities. Similar numeric weighting is given to the other criteria. Once all three factors have been valued, they are totalled, and the areas with the highest overall number are allocated the greatest resources. With a Budget Matrix formula funds can be allocated equitably among communities, based on criteria relevant to those communities. This helps ensure that communities with the greatest need are allocated proportional resources in order to address their deficits.

---

<sup>45</sup> Communities and Local Government "National Evaluation of Participatory Budgeting in England – Interim Evaluation Report" (March 2010)

<http://www.communities.gov.uk/documents/communities/pdf/1509753.pdf>

<sup>46</sup> Community Pride Initiative "Lesson from Brasil: The Budget Matrix" (October 2001)

<http://www.participatorybudgeting.org.uk/documents/The-20budget-20matrix.pdf>

<sup>47</sup> "Developing a Budget Matrix"

<http://www.participatorybudgeting.org.uk/documents/App%20P%20developing%20a%20budget%20matrix.pdf>

## 7. Assessment Chart of Examples

The chart below sketches an overview of participation examples according to the criteria for successful public participation introduced in chapter 4, and offers a brief analysis of their strengths and weaknesses.

<b>Participatory System</b>	<b>Areas of Good Practice</b>	<b>Shortcomings</b>	<b>Rights-based</b>	<b>Needs-based</b>	<b>Institutionalized as part of budget process</b>	<b>Inclusive</b>
Vigilance Committees, Bolivia	Heightened accountability for government; created investment plans to be voted on by the people	Insufficient training; rural/urban divide, tension between paid and voluntary members	No	No	Yes	Partly
Needs-based Budget Allocation, Porto Alegre, Brazil	Funding is allocated to areas with greatest need; citizens determine spending	People only influence investment portion of the budget, no revenue considerations	Partly	Yes	Yes	Yes
eParticipation, Germany	Enhanced inclusivity and accessibility for some; better opportunities for discussion	Technological deficits; lack of established online platforms for participation	No	No	Partly	Yes
Vulnerable People Program, South Africa	Explicit focus on marginalized groups with intent of involving and protecting them	Some underrepresented groups are not included; undefined methodology	Partly	Yes	Partly	Partly
Integrated Development Planning; South Africa	Trains and pays facilitators; includes CBOs in the process	Implementation problems	No	Partly	Yes	Partly
Technical Planning Committee, Uganda	Explicit focus on facilitating participation and education	Does not directly focus on need or rights issues	No	No	Partly	No
People's Campaign for Decentralized Planning, Kerala, India	Structure for facilitated planning between experts, populace and elected government officials	A lack of experts; implementation problems	No	Partly	Partly	Partly

## 8. Proposals for Vermont

### Direct participation

Public participation in Vermont's budget and revenue decisions will be centered on the direct participation of people everywhere in the state through establishing a permanent system of local or regional deliberative congregations. In a series of community meetings, culminating in a final assembly on a designated People's Budget Day each fall, participants will elect delegates to serve on a People's Council (see below), review data received from a Needs Assessment Board (see below), discuss outcomes and progress achieved by previous year's budget, and receive guidance from independent advisers on all matters related to budget and revenue policy, including the use of human rights principles in budgeting. The work of the deliberative congregations will result in proposals for specific budget goals and for spending and revenue initiatives to achieve those goals. Committees for Equity within local deliberative congregations will help guide decision-making to prioritize the needs and rights of disadvantaged and marginalized people.

### People's Council

The People's Council will be responsible for designing, facilitating, overseeing and evaluating the public participation process. For the purpose of budget and revenue policy, it will serve as a liaison between the people and the Administration. The Council will ultimately be composed of delegates elected by the deliberative congregations; for an initial period, independent appointees will serve to set up the participatory structure.

Vermont has had some experience with citizen's boards, which were tasked with advising the Human Services Agency of people's needs. While this model never fully came to fruition, it can inform the creation of the People's Council. Another, less people-focused example is the Economic Progress Council, established under Vermont statute (32 V.S.A. § 5930a) to exercise certain functions related to tax incentives and tax increment financing.<sup>48</sup> The Economic Progress Council is composed of eleven members, nine of whom are appointed by the governor, and two appointed by, and pulled from, the General Assembly.<sup>49</sup> Chaired by a business person and largely representing business interests, the Economic Progress Council has acted as a body advancing the interests and needs of businesses and corporations.<sup>50</sup>

In contrast to the Economic Progress Council, the People's Council will function to advance the needs and rights of the people of Vermont. The Council's role in facilitating the participatory budgeting process will include consolidating the proposals of the deliberative congregations,

---

<sup>48</sup> The Vermont Economic Progress Council (VEPC) is an independent board of Vermont citizens attached to the Vermont Agency of Commerce. The Council serves as an approval and authorization body for the [Vermont Employment Growth Incentive program](#) and the [Tax Increment Financing District program](#).

<sup>49</sup> <http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=32&Chapter=151&Section=05930a>

<sup>50</sup> [http://acd.vermont.gov/business/start/vegi/vepc\\_board](http://acd.vermont.gov/business/start/vegi/vepc_board)



employing a needs-based budget matrix, proposing specific financing measures based on the needs and goals identified in the participatory process, and submitting a final people's budget proposal to the governor.

In general, the People's Council will be an intermediary between the Administration and the people. It will help increase the transparency of the budget process and government's accountability to the people's decisions. The Administration will be obligated to create user-friendly versions of the proposed and approved budget that makes it easier for people to understand how money is raised, allocated and spent. The People's Council will monitor and review the presentation of a user-friendly budget format.<sup>51</sup> The Council will also evaluate both the participatory process itself and the implementation of people's proposals in the governor's budget and in the final approved budget.

### **Needs Assessment Board**

A Needs Assessment Board, an independent, appointed body, will collect data and assess progress on the state of needs and rights in Vermont. Needs assessments will be based on human rights standards, informed by needs surveys in collaboration with the deliberative congregations, and measured against budget and revenue policies. The Board will be responsible for implementing an accountability system that evaluates budget outcomes and reports on Vermont's progress in meeting needs and rights. Its user-friendly reports will be made available to the public and serve as guidance to the deliberative congregations.

Vermont already recognizes the importance of research, analysis and expert advice for facilitating participation in governance. For example, the Vermont League of Cities and Towns (VLCT), a non-profit organization governed by elected representatives from various levels of government, is responsible for "maintaining a central bureau of information and research for the collection, analysis, and dissemination of municipal information... fostering conferences, schools and courses of municipal officials for the discussion and study of municipal problems and the techniques involved in their solution...".<sup>52</sup> The information gathered and disseminated is geared at supporting local governance and increasing people's involvement in it. The Needs Assessment Board could link up with the VLCT and its tools, or simply draw on its expertise and lessons learned.

### **Local Assistance Boards**

Assistance Boards across the state will provide hands-on training and assistance to the deliberative congregations. Each county will appoint its own assistance board comprised of people with relevant skills, for example in budget and revenue policy, governance procedures, human rights analysis, etc. These assistants will work with deliberative congregations to build their capacity and assist during

---

<sup>51</sup> For example, the city of Atlanta has had some positive experience with user-friendly budget formats. A comparison of the police portions of the city budgets of Jackson, MS and Atlanta, GA, reveals that an intentionally user-friendly budget is substantially easier for a layperson to understand. The budget for the Jackson police force is merely a written record of the proposed spending, and as such is extremely dense and difficult to understand. The budget for the Atlanta police force, however, has been crafted to be visually appealing, readable and understandable to anyone. It also includes explanations for each budgetary issue besides each listing.

<sup>52</sup> [http://www.vlct.org/assets/About-VLCT/Bylaws/vlct\\_bylaws\\_with\\_10-06\\_changes.pdf](http://www.vlct.org/assets/About-VLCT/Bylaws/vlct_bylaws_with_10-06_changes.pdf)

the review and discussion of budget and revenue information, helping people navigate technical and legal landscapes.

Vermont already has an assistance network for local government officials, operated by the VLCT.<sup>53</sup> The Municipal Assistance Center (MAC) “is comprised of six professional individuals who have backgrounds in municipal law, public management, municipal research and water quality protection. Their duty is to provide local officials with education and training in areas of governance where they may not have technical expertise.”<sup>54</sup> Local officials can submit inquiries related to their duties to the MAC, which offers them knowledge and assistance. Another example of a network of committees providing assistance to local officials are the Regional Planning Commissions (RPC), established by the Vermont Municipal and Regional Planning and Development Act. As part of this role, Chittenden County RPC’s Economic Development Committee publishes an economic base analysis report<sup>55</sup> and a competitive assessment report, focusing on economic development. There appears to be a gap in providing assistance with assessing and addressing people’s needs, yet the evidence of the useful role assumed by local assistance bodies points to possibilities for expansion.

Local Assistance Boards could be modelled on or learn from MACs and RPCs. Their hands-on role would support participatory congregations in working through technical, financial and legal issues during the budget deliberations.

## 9. Next Steps

Instituting a fully functioning, meaningful process of public participation in Vermont’s budget and revenue decisions will require preparation and funding. Evidence from participatory processes around the world - and in Vermont - should be helpful in embarking on this process. Below we outline the first steps that can be introduced in October 2012:

- Set up a People’s Council to plan and pilot the participatory process and begin an outreach campaign to raise awareness about new participatory opportunities.
- Develop an accessible and easy-to-understand budget format and publish the FY 2014 budget in this format.
- Convene one-off budget participation sessions in each region this November to enable an initial discussion of needs and goals, prior to establishing a permanent system of local deliberative congregations. Representatives from the Administration, including Budget and Management Division staff, and the legislature’s appropriations committees should attend. Public input given at these sessions should be considered by Budget and Management Division staff in their

---

<sup>53</sup> <http://www.vlct.org/aboutvlct/vlct-overview/>

<sup>54</sup> <http://www.vlct.org/municipal-assistance-center/overview/>

<sup>55</sup> [http://ccrpevt.org/ecosproject/ECOS\\_Economic\\_Base\\_Analysis\\_FinalDraft\\_20120118.pdf](http://ccrpevt.org/ecosproject/ECOS_Economic_Base_Analysis_FinalDraft_20120118.pdf)

preparation of FY 2014 budget proposals, followed by a report on how public input is reflected in the budget proposals.

- Prepare a feasibility study for expanding existing online initiatives into eParticipation in budgeting, and present proposals for new online platforms for budget-related discussion and decision-making.
- Prepare an action plan for meeting all of the requirements of Sec. E.100.1 32 V.S.A. § 306a.

## Appendix 1: Vermont's Current Budget Process

Vermont's current budget process assumes that "(t)he first step in the creation of the annual state budget is the development of a revenue forecast."<sup>56</sup>

### Audit and Formulation:

1. Financial analysis of actual and projected expenditures and revenues, Budget Management Division staff, July-August

### Formulation:

2. Using the Budget Development System (BDS), agencies and departments construct their budget requests, September-October
3. The Budget and Management Division staff analyze and revise the allocations, and the Governor makes decisions on priorities, November-December
4. The Budget and Management Division prepares the Governor's recommended budget proposal for submission to the General Assembly.
5. Soon after the General Assembly convenes at the State House in January, the Governor presents the budget proposal to the Legislature.

### Approval:

6. The Appropriations Bill, prepared by the Department of Finance and Management, is referred to the Appropriation Committees of the House and Senate.
7. Once differences are resolved, both the House and Senate must pass the final version of the

### Appropriations Bill:

8. Upon passage by both the House and Senate, the Bill is forwarded to the Governor. The Governor can sign the Bill into law, veto the Bill or allow the Bill to become law by not signing or vetoing the bill within ten days of its arrival at the Governor's Office.

### Implementation:

9. When passage of the Appropriations Bill is complete and it is enacted into law, the implementation of the act begins. The appropriations approved by the General Assembly and the Governor are entered into the State's accounting system (VISION) by the Department of Finance and Management on July 1, the beginning of the fiscal year.

### Implementation and Audit:

10. Agencies and departments can then spend the appropriated funds. At the same time, the Department of Finance and Management is "closing the books" and preparing the financial statements describing the prior fiscal year.

---

<sup>56</sup> Fiscal Facts 2012