

PARTICIPATORY BUDGETING

&

The Democratization of Tax Increment Financing

A Model for Muncie

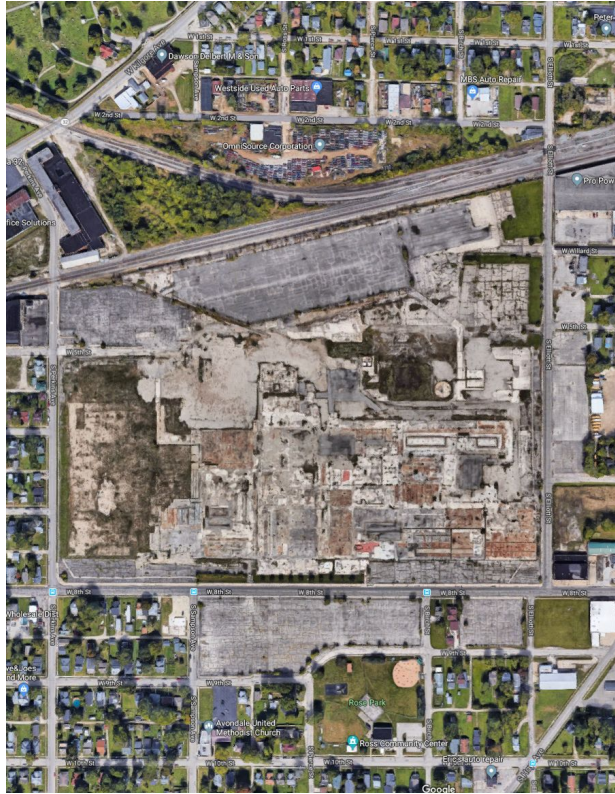
Andrew Dale

**“People’s participation
is the essence of
good government.”**

Narendra Modi

Presentation Outline

- **Participatory vs. Representative Democracy**
- **A Model for Participatory Budgeting in Muncie**
 - An intentionally integrated process to gather, discern and implement community ideas
 - Prepares students for a lifetime of engagement by adopting the process in public schools
 - Funds from Tax Increment Financing and other existing sources can fund successful projects



Big Challenges

- Post-Industrial Economic Stagnation
- Slower recovery from 2007 economic crisis
 - Neighborhood decline
 - Higher unemployment
 - Opioid & meth
- Public school exodus
- Lack of trust in gov't

Building Muncie for the **21st Century**



Bigger Strengths

- Our People
- Our Places
- Our Common Purpose
- Our Ability to Plan

**Participatory budgeting
mobilizes *our strengths***

Building Muncie for the **21st Century**

So What is “Participation”?

Broad concept, but what does it mean to you?

Many definitions, but common strand:

A participant is someone who has a role in decision-making.

And the Participant Is....?

The Community

Intended beneficiaries of civic improvements are involved at all stages: planning, implementation and maintenance.

Participatory decision-making has advantages

- **People mobilized, manage resources and make decisions**
- **Positive outcomes for socioeconomically disadvantaged**
- **Biggest Advantage: Community Inclusion**

How is this Different?

Representative Democracy

How our local, state and federal gov't operates

Elected officials make decisions and administer implementation in gov't

We know it *works*.*

**with some occasional hiccups*

Participatory Democracy

Broad participation of constituents in direction & operation of gov't

Opportunity for all participants to make meaningful contributions

Empowers people to be change agents.

How is this Different?

Representative Democracy

Includes community for *consultation* on decisions

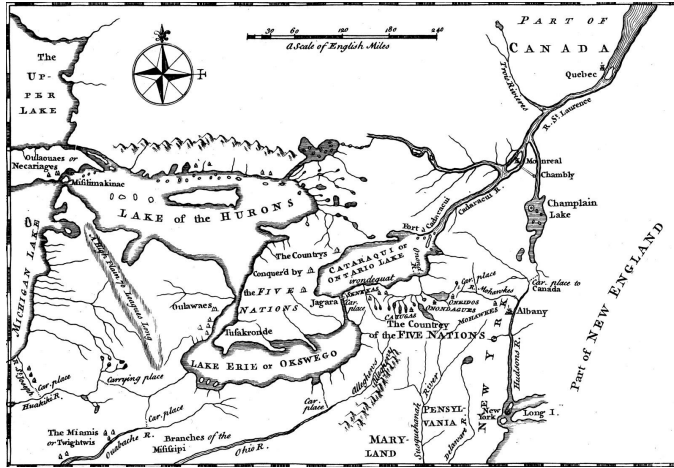
Sharing information and opinion, not necessarily decision-making power

Participatory Democracy

Community has active role in decision-making as participants

Significant control over decisions that impact community

History of Participatory Democracy



- **Iroquois Confederacy**
 - Approx. 1450
 - Oldest operating constitution in the world
 - Designed as participatory democracy
 - Influenced U.S. constitution

Participatory Democracy in Spain



“[A] strange and valuable experience where one could breathe “the air of equality” and where normal motives like snobbishness, greed and fear of authority had ceased to exist”

-- George Orwell

Homage to Catalonia (1936-38)

Participatory Democracy: Budgeting

Participatory Budgeting (PB)

- Designates portion of public budget
- Creates a democratic process where community members directly design how to spend it



Participatory Democracy: Budgeting

1989- Brazil goes democratic

- Citizens distrust gov't after yrs of dictatorship
- Gov't's priorities on upper, middle class
- Porto Alegre tried many strategies to solve

By implementing PB, Porto Alegre:

- Addressed disparities in spending priorities
- Bridged economic and cultural gaps
- Built trust between the government & citizens



Participatory Budgeting: Chicago



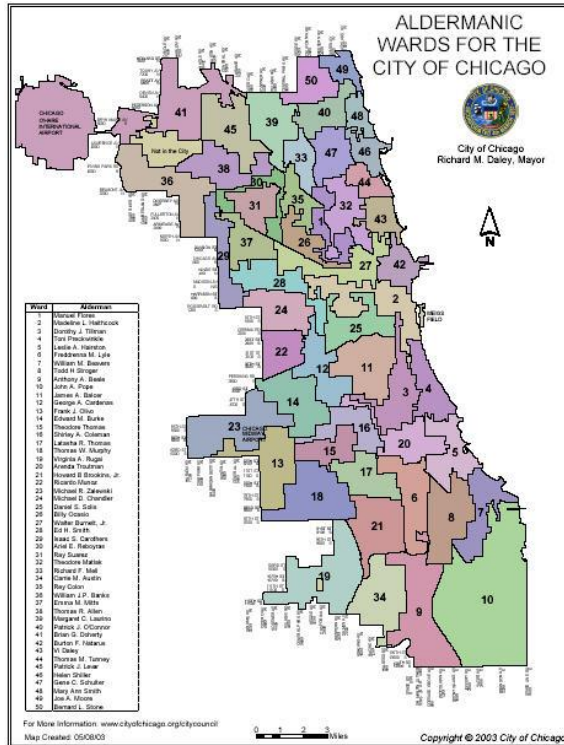
Alderman Joe Moore

- Attended US Social Forum in Atlanta, 2008
- Learned how PB was used throughout world

Brought to Chicago to...

- Instill fairness
- Ensure accountability
- Reduce corruption

Participatory Budgeting: Chicago



- **Through aldermanic wards**
 - Aldermen and alderwomen utilize discretionary funds to fund PB
 - University of Illinois Chicago/Great Cities Institute administers PB
- **Infrastructure, dog parks and bike lanes among types of projects**

How does PB Actually Work?

Annual Cycle of Four Phases

- **Idea Collection**
- **Proposal Development**
- **Community Presentations & Voting**
- **Implementation**



Participatory Budgeting in Muncie

Where Would We Start?

- Engage Muncie Action Plan
- Seek Proposals from Existing Orgs like 8/Twelve Coalition?
- CDBG eligible activities



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Muncie Action Plan's Goals

- **Linking Learning, Health, and Prosperity**
- **Fostering Collaboration**
- **Strengthening Pride & Image**
- **Creating Attractive & Desirable Places**
- **Managing Community Resources**



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Idea Collection

- Neighborhood associations gather to learn about needs from existing organizations & agencies
 - Muncie Action Plan
 - Local non-profits
 - City government
 - Other entities
- Through a series of meetings, led by community volunteers, citizens discuss community needs
- Idea collecting is open for 90 days

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Development of Proposals

- Community volunteers work with representatives of relevant orgs & agencies to review all submitted ideas
- Ideas that fit stated needs are then made into proposals for neighborhood consideration
- Proposal Development phase is 90 days

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Comm. Presentations & Voting

- Final proposals for each neighborhood are presented to applicable neighborhood(s)
- **Voting** occurs over a four-week period
 - Traditional voting locations
 - Social media mechanism(s)
 - All persons 14 year of age and over eligible to vote
- Projects with most votes are funded until designated funds expire or are depleted

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Project Implementation

Projects implemented using procurement process of City of Muncie's Department of Neighborhood Services (DNS)

DNS staff will keep each neighborhood apprised of progress in completing projects and will request help from neighborhood representatives as necessary



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Special Considerations



- Multiple neighborhoods can work together to address community needs where all neighborhoods benefit
- Multiyear awards could be considered
- Projects must general comply with goals of MAPs, City of Muncie strategic plan, neighborhood assns

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Muncie Community Schools

K-12 Participatory Budgeting programs

Same approach with shorter phases to complete awarded projects in school year



Learning Outcomes:

- Expanded civic participation
- Heightened civic knowledge
- Increased civic skills

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How Will We Pay for It?

Make Case: Initiative Crucial to Our Future

Economic Development Investment

- “Sense of place,” quality of life top needs
- Investing in people ensures fair shake for all
- Building for the emerging economy



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PB Funding Sources

- **Tax Increment Financing**
- **Community Development Block Grant**
- **Section 108 Loan Guarantee**
- **Municipal Bank Bonding**
- **Blended Funding Streams**



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How Participatory Budgeting Fails



**“It does not do to
leave a live dragon out
of your calculations, if
you live near him”**

--J.R.R. Tolkien

Ensuring Success

Four Major Conditions Predicate Success:

- Well-structured approach to achieve high participation
- Sufficient financial resources
- Community commitment and flexibility in new political realities
- Municipality's commitment to implement selected proposals

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Ensuring Success

Ongoing Integrity of Process & Favorable Outcomes

- Rigorous evaluation of process and outcomes
- Financial accountability
- Measurement of both qualitative and quantitative results
- Consistent and effectual communication with community concerning demonstrable benefits

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Ultimate Benefits of PB

- **Equity Building**
- **Sustainability**
- **Inclusion**
- **Coalition Building**

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&

Democratizing Tax Increment Financing

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Andrew Dale

Special credit to Andy Shears of the Muncie Map Company for both images and historic documentation.