CHAPTER 2

Participatory Budgeting from the Past to the Present

Abstract This chapter reviews the mid-twentieth century developments around participatory democracy as a precursor to participatory budgeting. It then introduces participatory budgeting in New York City and reviews the historical context of citizen budget participation through the community board process, which city agencies have taken over as a place to advocate for agency projects.

Keywords History · Community board · City agencies · Advocacy

In this chapter, we provide some important background and context for PB. Before exploring the nuances of PB in the present, it's critical to see the issues and tensions at play in past efforts to advance more and better forms of public participation, which each have relevance to this project.

The mid-twentieth century literature on participatory democracy emphasized education in democracy and citizenship (Hart, 1972; Pateman, 1970; Wolfe, 1985),[1] with extended literature focusing on how such processes legitimize governance (Alves & Allegretti, 2012; Fung, 2015; Goldfrank, 2012; Richard & David, 2018; Souza, 2001; Wampler, 2012). In this literature, there was until recently little focus on what

[1] Focusing on ballot initiatives, Dyck and Lascher (2019) dispute the view that participatory processes necessarily have an educative effect.

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budgets are or do: budgets are proposals (and processes) for decisions and they provide the means for making those decisions. Arnstein (1969) describes eight stages of participation on a continuum: citizen control, delegated power, partnership, placation, consultation, informing, therapy, and manipulation. If PBNYC is related to the reduction or elimination of clientelism, it should be near the pole of citizen control; however, if it is a mask for continued or enhanced clientelism, it may approach its opposite. To determine where in this progression PBNYC falls, it's essential to observe precisely how proposed projects are refined to become ballot options.

For PB to transfer control to citizens and residents, it is not enough to allow them to vote, they must be able to place items on the agenda for voting. It is well known that setting an agenda can be the most important stage of decision-making (McCombs & Shaw, 1993; Plott & Levine, 1978; Stone, 1980; Walker, 1977). For PB, this means placing proposals on the ballot. For PBNYC this placement arises through a multistage process, and it is this process that requires observation. To further understand these processes, some sense of both the background and types of PB that have emerged around the world proves useful, before delving into some historical and current perspectives on PB in NYC.

The Origin of Participatory Budgeting

PB emerged in Porto Alegre, Brazil in the late 1980s (Goldfrank, 2007). In the Brazilian version, residents allocate substantial budgetary shares in their local communities, frequently to achieve social justice goals. For example, Porto Alegre, Brazil committed as much as 21% of its municipal budget to participatory budgeting in the early 1990s (Souza, 2001). Belo Horizonte, Brazil committed 40% of their investment (capital) budget through the participatory budgeting process in 1994 (Paixão Bretas, 1996). In this initial run, community members allocated funds largely to sanitation and road paving.

Following this initial success, activities labeled PB have diffused to roughly 15 countries and more than 3000 cities, and continue to spread (Goldfrank, 2012; Su, 2017). PB's first implementation in North America was in Guelph, Canada beginning in 1999 (Pinnington, Lerner, & Schugurensky, 2009; Sintomer, Herzberg, Allegretti, Röcke, & Alves, 2013). An advocacy group brought participatory budgeting to Chicago beginning in 2009 (Hadden & Lerner, 2011).

The Participatory Budgeting Project (2018) reports that there have been over 310 participatory budgeting processes in North America during the last two decades, with many continuing into the most recent budget cycle. Many instances of North American and European Participatory Budgeting Projects substantially differ from the original Porto Alegre model, however (Lerner, 2011; Pateman, 2012; Patsias, Latendresse, & Bherer, 2013; Sintomer et al., 2013). Importantly, Patsias et al. (2013) characterize the European version as "consultative," "top-down," and "only very partially autonomous" (p. 2221).

Participatory Budgeting in NYC

In 2011, four New York City council members began allowing residents of their respective districts to select capital projects for funding from a portion of the member-directed discretionary capital funding for fiscal year 2013 (Participatory Budgeting in New York City, 2011). This process has continued, growing to 31 council members for fiscal 2019 (New York City Council, 2017).[2] During the early years, evaluations largely focused on demographics, process, and participant perceptions (Kasdan & Cattell, 2012; Kasdan, Cattell, & Convey, 2013; Kasdan, Markman, & Convey, 2014; Urban Justice Center, 2015).

Council members typically contribute $1 million of their $5 million discretionary capital allocation, thereby retaining substantial additional discretionary funding not committed to the process. For the early cycles, New York, like Chicago, restricted projects to capital projects, but members also have discretionary expense funds—and beginning in Cycle 8 for fiscal 2019, one member funded several expense projects (Wong, 2018). New York City allocates roughly 0.1% of its capital budget (16% of the council directed discretionary capital funding) through the participatory process (New York City, 2017)—critically, an entirely different scale than found in early Brazilian participatory budgeting.

[2] For the budget development for fiscal year 2020 (the time period of this research), 33 members' offices provided phone responses that they were engaged in PB during this cycle. In September 2018, a charter revision substantially changed PBNYC for development for fiscal years 2022 and later. The revision established a citizen engagement commission with a charge to create a citywide participatory budgeting process. This citywide process does not replace the council based process; the two will operate in parallel.

In PBNYC, participants suggest projects that might be funded. City officials determine whether these projects are eligible for funding and determine their expected cost. Volunteer budget delegates then refine the project list to a small number. These remaining projects, with costs attached, are offered to the participants who vote for their preferred projects. The selected projects are those that receive the most votes in rank order, until the allocated funds are exhausted (New York City Council, 2017; Participatory Budgeting Project, 2017).

Some Historical and Current Perspective for NYC

New York already had a general citizen budget participation process many years before the origination of participatory budgeting.[3] This process involves community boards, which have, as one of their functions, an annual budget request. The predecessors of the current community boards were community district planning boards, first established by the Manhattan Borough President in 1951 and expanded to all five boroughs in 1963 (Kihss, 1963). In the 1975 New York City Charter revisions, these became 59 community boards and their associated community districts (Pecorella, 1989). Unlike the 51 city council districts that change with census updates, the community districts have fixed borders. In the 2010 Census, their populations ranged from 51,000 to 241,000, with an average of 139,000 ("New York City Population by Community Districts," 2017). Borough presidents appoint community boards in consultation with council members.

Pecorella (1986, 1988, 1989, 1994) provides a mixed but mostly upbeat analysis of community board budgeting. He suggests that upper income white neighborhoods are more successful than other communities in obtaining funding for their capital budgets, while his reported data actually show relatively poor performance for communities in general. Although Pecorella says the data for the later period shows better performance than the earlier period,[4] most of his data show limited success.

[3] This section providing a historical perspective is substantially similar to a section that can be found in an unpublished working paper by D. W. Williams, Calabrese, Gupta, and Harju (2017).

[4] Pecorella (1989) shows that in 1985 the community boards achieved a 33% success rate for capital projects, which was an increase of 11 percentage points from 22% in 1982. Pecorella (1994) shows these figures as 50 and 36% respectively. The difference reflects

Any successes achieved appear to depend on agency cosponsorship; it is not clear who constitutes the actual primary requestor and the cosponsor. Pecorella points out that the 1989 charter revision weakened the community board role indirectly when it eliminated the Board of Estimate, because the borough presidents, who had appointed members to the Board of Estimate, lost a substantial role in the budget process. In fact, the current charter does not contain some of the strongest language in support of community board budgeting that Pecorella found in the 1975 charter revisions ("New York City Charter as Amended Through July 2004," 2004; Pecorella, 1994, pp. 151–152).

The community boards' budget activities include consultation with city agencies, development of a "Statement of Community District Needs" that is submitted to the New York City Office of Management and Budget (NYCOMB) and published by the Department of Planning, preparation of a budget request that includes a list of expense and capital budget items, conducting public hearings, and submitting the budget request to the NYCOMB ("Handbook for Community Board Members," 2014; "New York City Charter As Amended Through July 2004," 2004, §§ 230–231). Several of these activities were explicitly required in the 1975 charter (Pecorella, 1994), but are no longer part of the City Charter ("New York City Charter as Amended Through July 2004," 2004). The capital and expense budgets are collected together for all community boards in a massive document labeled the "budget register." A review of any recent budget register shows that the community boards are not always clear as to what counts as a capital versus expense budget item ("Register of Community Board Budget Requests For The Executive Budget Fiscal Year 2018," 2017).[5] This is remarkable given how ambiguous the funds for participatory budgeting may be to some people.

The register also shows a curious tendency for the same or similar requests to recur throughout. For example, the cited register requests funding for fire departments to provide smoke detectors eight times.[6] For

a different treatment of continued funding, which he excludes in 1989 since these can reflect projects that do not originate at the community boards. These success rates clearly do not match the promise of actual decisions as promised with participatory budgeting.

[5] This report, which is published multiple times a year for various stages of the budget, can be found at www1.nyc.gov/site/omb/publications/budget-reports.page?report=Comm%20Bd%20Register.

[6] There are also eight requests in the 2019 budget register for FY 2020.

over a decade, the fire department has brought its smoke detector request to the community boards every year. The proposal arises at the agency and is farmed out to community boards as a suggested proposal. This phenomenon results from the consultation process, which provides an opportunity for city agencies to lobby the representatives of the community boards to include their agency needs within the community board budget requests.[7]

By organizing these consultations in this format, the NYCOMB assists agencies in obtaining supplemental funding through community board processes, rather than assisting community boards to obtain additional information that would assist them in developing meaningful requests associated with local community needs. Considering this relatively weak performance of community board budgeting, the advent of participatory budgeting as a replacement process is not surprising.

The community board process is principally a borough president activity. Borough presidents are the chief executive officers of the five counties (called boroughs) that make up New York City. These offices were significantly disempowered by the 1989 charter revision, which was required in a Supreme Court Ruling ("Board of Estimate of NYC v. Morris, 489 U.S. 688," 1989) that eliminated the Board of Estimate because it provided unequal representation for residents of the five boroughs. As a consequence, borough presidents lost their roles for selecting a Board of Estimate member and, thereby, lost a significant role in budget making. The budget function of the community boards is advisory only. The participatory budgeting process is similar to the budget function of the community boards, but it has been organized by the city council and the promise made is that within the scope of valid projects, the decisions made will be honored so community members are authorized to make final decisions. It is within this overall context that current efforts at PB are nested and largely celebrated.

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[7] An author of this project participated in this process for several years between 2007 and 2010.

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