

## **PROJECT ONE: City Budget's "I Value" input campaign**

### **Challenge**

In 2010, new Hampton City Manager Mary Bunting went to the public for input in an incredibly difficult budget year. The broad participation in shaping the budget accomplished at least 3 things:

- It provided guidance for a budget that helped cut expenses while preserving the services that citizens most valued.
- It greatly expanded participation and input with citizens and City Hall.
- It helped educate and inform citizens about their tax dollars and what they buy.
- It created a model for building future budgets as the recession dragged on and housing values continued to decline.
- Ultimately, in year four of the process, residents overwhelmingly said they couldn't support more cuts and supported a 20-cent increase in the tax rate to maintain services – and to invest in their city's future.

Immediately upon becoming the Hampton's City Manager in January 2010, Mary Bunting faced a typical task of building the upcoming FY11 budget. It wasn't a typical year. Housing values were declining across the country, and some mandatory costs were increasing. Hampton, a city that has won national awards for civic engagement and citizen interaction, faced major cuts to city services. Preliminary numbers showed a \$19 million gap between expenses and revenue. That would require a cut of 5% of the city's budget. There was a particular resonance for Bunting: Hampton is her hometown; local organizations gave her scholarships that helped send her to college. She's raising her family here and has a personal stake in the community. As an assistant city manager, she helped build many of the innovative programs and services that helped define Hampton's values – and that now had to be considered for cuts.

### **Actions taken**

She went back to those core values while wrestling with the challenges: Trust employees and citizens to know what is best. Don't try to make decisions in a vacuum, or with only the input of the politically savvy and vocal members of the community. Throw the door open and seek out as many viewpoints as possible. She pulled together a multi-disciplined team from a variety of departments and challenged them to embark on the most extensive community involvement project the city had ever undertaken.

It was called "I Value" because it wasn't just about cuts or budgets. It sought to build a spending plan on the values of its residents. The public process needed to be flipped, with input gathered on the front end, so that she and her staff could use it to mold the budget. To get that participation required new methods. The citizens weren't going to come to City Hall; City Hall had to go to them. An aggressive outreach campaign ensued: Social media, e-newsletters, partner organizations, neighborhood organizations, local cable interviews, paid ads, fliers and word-of-mouth. The innovation drew some free publicity: media coverage from both print and TV. At the heart was this message: "The City can do many things, but we can't read minds. We are facing budget challenges and need your input. Please tell us what you value and together, we will shape our future. I value your input. What do you value?"

Information and transparency were key. A website was launched not only to promote but also to house information. Transcripts of every meeting – both citizen concerns and city answers – were posted within a day of the event.

People gave their input in a variety of ways:

- Community meetings, held on both Saturdays and evenings in different sectors of the city. These were the most detailed, with polling questions that allowed everyone in the audience to give input on every question with the use of keypads with instant polling.
- Informal chats. The manager and key staff went to regularly scheduled meetings, where residents already gathered: Neighborhood associations, civic organizations and citizen boards.
- Online chats, held during lunch hours, giving professionals a chance to log in and ask questions from work.
- A video with information about the budget choices was aired on YouTube and the city's cable channel.
- Drop boxes with comment cards were placed in public buildings, such as libraries and community centers.
- Residents were invited to call the 3-1-1 information system to ask questions or voice opinions. Transcripts of the calls were added to the data collection.
- Special meetings were held with employees as well, crucial to establishing their input in a year of significant cuts.

Despite the comprehensive nature of the campaign, the initiative ran on a meager budget. The largest expense was the polling keypads, which the city was already buying for gathering input in other ways. City Council members attended some of the forums and all members were provided a weekly report of all public comments.

### **Impacts/outcomes on community's residents**

City Manager Bunting noted in her recommended budget introduction that the input didn't always match her expectations. For example, library services were described as a "need." She initially considered larger cuts but scaled back due to the input. The citizen input didn't replace the need for innovative management. The Police Department, at the top of the "need" list, still came in for some cuts. However, those came not from officers on the street but from streamlining management. The City Council approved a \$412.4 million budget on May 12, 2010, without major contentions or controversies, despite the more than 5% cut. It retained core services – police, fire, emergency management, trash collection, as well as the award-winning prevention and early-intervention programs. "Wants," such as the arts and museums, were reduced by 20%-50%. Restructuring departments and reducing management and support saved more than \$2 million.

The one-time effort to meet an unusual challenge was a success – and created benefits in addition to a balanced budget. It greatly expanded the two-way communication between residents and their government and increased trust. The financial crisis lasted beyond a year, of course, and the "I Value" effort has expanded each year. Each year, the polling questions went a little deeper. For the first budget, FY11, the focus was on "needs vs. wants." However, Bunting recognized that while some services might not technically be needs, they might be the kind of "wants" that people would sacrifice to maintain. Her examples: A family may choose to save money in other ways in order to celebrate special events or take a vacation. Similarly, programs for the arts or city's history may not be "needs" but may have importance to the community. In many cases, further reductions would mean elimination. The FY12 input focused on those broad service levels: Should this service be maintained at its current level, reduced or eliminated? (Although the overall budget actually increased that year, much of the funds were dedicated, pass-through money for specific programs. The essentially flat budget for general city services had to accommodate 18 new firefighters to staff a new station and steep increases in gasoline

and health insurance costs, for example.) Arts and museums were spared elimination. Funding was added to help create a revolving loan program to help elevate homes with repeat flood damage.

For FY13, residential real estate values were down again – this time by 6%. Hampton had one of the lowest property tax rates in the region, and one of the lowest per-capita staffing. With higher unemployment and households feeling the pinch of the recession, raising the rate was not considered an option. Every department put early cuts on the table, and many of those were taken to the residents in polling: “I can live with this cut” or “This cut is unacceptable.” A few cuts were supported, most weren’t. As in all years, management didn’t always follow all of the recommendations. The input was advisory only. For example, reductions in mandated services weren’t possible. The Citizens Unity Commission saw cuts but survived; while not always popular with a majority, it was seen as a long-term benefit.

Each year saw public input increase – dramatically. The first year, more than 1,000 people were actively involved in giving input. The second, 1,500. The third, more than 2,000. Online polling participation doubled from year one to year three. The city’s social media reach had grown, and there were more online chats and YouTube videos.

Then came the biggest challenge. In FY13, residents had said many of the cuts were unpopular. When planning for FY14 showed yet another decline in home values and therefore projected revenue, the manager and her staff had the data that showed that residents didn’t want more cuts – didn’t, in fact, support some that had already been made. Furthermore, the state had continued to cut its funding for K-12 education, and the school system faced equally dramatic and unpopular cuts.

There was a clear choice to be made: Increase revenues or continue to cut programs and services that residents valued. The projected gap was \$7.2 million, just to keep current services. The school system had seen cuts at the state level and was also projecting a large gap – \$8.9 million. Planning for “I Value” began early. City Manager Bunting invited School Superintendent Linda Shifflette and her team to join in the community meetings, chats and online polling. The stakes were clearly laid out to the public:

- Protect services, which would increase the tax rate by 16 cents (per hundred value)
- Invest. In addition to protecting existing services, 8 cents added to the 16 cents would provide funds for school technology and investment to the city’s strategic priorities and master plans.
- Disinvest. Residents were polled on their willingness to make more cuts, all of which would be required without additional revenue.

Messages went out early and honestly. “Disinvesting” would cut art and music education nearly in half; reduce guidance counselors and assistant principals; require children to walk twice as far to bus stops; cut the high school day from 8 courses to 7. On the city side, it would involve closing a library branch and a community center; reducing streetlights and mowing of parks, schools and medians; and eliminating many youth programs.

After three years of involvement, many residents were familiar with the cuts that had already been made. They knew both city and schools had each cut more than 10% of their staffs. They had been a part of the decision-making. That year’s campaign also sought to educate. Examples were provided of tax bills in various neighborhoods. In all cases, residents were now paying significantly less in taxes than they had in 2009. In fact, the highest tax rate being considered would merely restore tax bills to that level.

Higher stakes broadened the audience. Teachers and parents came out, as did those on a fixed income who didn't want to see tax-rate increase. Nearly 16 times as many people attended the in-person meetings. Overall, participation in the input process increased by another 60%. To put the participation level in perspective: In a city that saw City Council members elected in 2010 with about 6,000 votes, more than half that number participated in the budget process. Early results were surprising to many. At the meetings, more than 90% supported some sort of tax-rate increase. Skeptics suggested that was too committed of an audience, boosted by some whose jobs were at stake. Then, in online polling, 88% supported raising the rate. Skeptics again questioned the unscientific and self-selected audience. Did it say anything about the general population? A random, scientific survey was commissioned by an independent firm. The results were similar. That survey showed that 82% supported a tax-rate increase.

The city manager and council scaled down the top proposal but maintained some money for investment. The property tax rate was increased by 20 cents. The majority of residents who attended public hearings urged adoption of the budget and rate increase. About \$2 million a year was set aside to create a one-to-one technology program to give Hampton students a unique boost, and \$3 million to invest in the city's strategic priorities.

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