

Assessing the Adoption and Implementation of Budget Simulations at the Municipal Level

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Project Description

a. Description of Project

In the United States, citizen participation has been widely used in the public decision-making process for decades. In the public budgeting process, several citizen participation mechanisms are frequently implemented by governments, such as open records, public hearings/public meetings, focus groups, budget simulations, citizen budget advisory committees, and citizen surveys. Governments may implement several mechanisms at the same time (Ebdon & Franklin, 2006). In addition, several local governments in the U.S. (e.g., Chicago and New York) have adopted the Brazilian type participatory budgeting in recent years (Castillo, 2015; Stewart, Miller, Hildreth, & Wright-Phillips, 2014).

Many researchers pay attention to a specific mechanism and discuss how it enhances governing and democratic values. For example, Hassett and Watson (2003) discuss the use of citizen surveys in the budgeting process, while Callahan (2002) examines the effectiveness of citizen advisory committees. However, budget simulations are seldom mentioned in the existing literature. Ebdon and Franklin (2006, p.440) briefly introduce budget simulations in their discussion of different citizen participation mechanisms. Mallinson (2018) discusses how budget simulations can be used for teaching public budgeting. So far, there is no systematic analysis of the adoption, implementation, and outcomes of budget simulations.

In the practical world, budget simulations have become more and more popular at all levels of governments in recent years. For example, at the federal level, the Next 10 and the Concord Coalition's Federal Budget Challenge and the Engaged Public's Federal Balancing Act both provide citizens the opportunity to balance the federal budget. At the state and local levels, the Next 10 develops the California Budget Challenge, while the Engaged Public helps several states and localities develop their budget simulations.

To bridge the research gap, this research will focus on the following three questions: (1) What factors affect the adoption of budget simulations? (2) How do municipalities implement budget simulations? (3) Why are budget simulations implemented? What are some goals and preliminary outcomes of budget simulations?

This research uses the Ebdon and Franklin (2006) framework of citizen participation in the budgeting process to examine the adoption and implementation of budget simulations. The Ebdon and Franklin framework is an overarching theoretical framework that includes four major elements of citizen participation: environment, process design, mechanisms, and goals and outcomes. Each element contains several key variables that should be taken into consideration when examining citizen participation. Thus, this research develops several sub-questions based on the four elements of citizen participation and the key variables under those elements.

In recent years, more and more local governments care about civic engagement in the policy-making process as well as the budget-making process. Budget simulations can be a potential way to engage citizens. However, if the knowledge of budget simulations is limited, few local governments will think of this mechanism when considering ways to engage citizens. Thus, having a better understanding of budget simulations can contribute to not only the academia but also the real world.

b. Activities, Process, and Methodology

This project is an original project, not a part of the mentor's research or creative activity program. Before starting this project, I will review other existing theoretical frameworks of citizen participation (e.g., Arnstein, 1969; Fung 2006 and 2015; Sintomer, Herzberg, Röcke, and Allegretti, 2012; Miller, Hildreth, and Stewart, 2019) and clearly justify the use of the Ebdon and Franklin (2006) framework. There is little research on budget simulations, so the literature review of this research will mainly focus on citizen participation, especially citizen participation in the budgeting process. In order to answer the three research questions mentioned above, I will conduct a mixed methods research study using both quantitative and qualitative research methods.

The first step of this project will be collecting the information of which municipalities used budget simulations in which years. Last year, I met the president of the Engaged Public, Mr. Chris Adam, at the Association for Budgeting and Financial Management annual conference and had a Zoom meeting with him afterwards. He is interested in helping me conduct this research. According to Mr. Adams, the Engaged Public has helped more than 60 local governments adopt budget simulations. I will create a full list of the municipalities that have adopted budget simulations and collect the financial, demographic, and socioeconomic data of those municipalities. The financial data can be found in municipalities' comprehensive annual financial reports, while the demographic and socioeconomic data of those municipalities can be found on the Census Bureau's American Fact Finder. These data can help answer the first research question, "what factors affect the adoption of budget simulations?" I will examine the descriptive statistics to see if those municipalities share some common characteristics. Moreover, as Berry and Berry (1990) suggest, I will conduct an event history analysis to examine the adoption of budget simulations.

Second, I will conduct a survey on municipalities that implement budget simulations. Before conducting the survey, I will submit an IRB application. The survey will be sent to financial directors of the municipalities that have adopted budget simulations. The results of the survey can help answer the second and third research questions: "how do municipalities implement budget simulations?" and "why are budget simulations implemented? what are some goals and preliminary outcomes of budget simulations?" The survey questions will be developed based on the Ebdon and Franklin (2006) framework. For example, I would like to know the key person who decided to adopt budget simulations, the timing of implementing budget simulations, participant selection, changes in process and goals over time, and preliminary outcomes.

Third, since third parties (nonprofits) are important actors in promoting budget simulations, I will also conduct interviews with the leaders of two nonprofits advocating budget simulations: the Engaged Public and the Next 10. In these interviews, I would like to know the nonprofits' strategies to persuade municipalities to adopt budget simulations, their roles in helping municipalities implement budget simulations, and their assessment of the current practices.

This project examines the adoption, the implementation, and the outcomes of budget simulations. The research activities discussed above can help me answer the research questions related to these three aspects. Since we have a limited understanding of budget simulations, the completion of this project can help us expand our knowledge on this citizen participation mechanism. Also, understanding budget simulations may provide feedback to and enhance the existing theories of citizen participation in the budgeting process, especially the Ebdon and Franklin (2006) framework.

c. Project Timeline

Timing	Objectives	Major Activities
January - April 2020	Literature review and research design	<ul style="list-style-type: none"> Review literature on citizen participation and write literature review. Finalize the theoretical framework. Submit IRB application.
May - August 2020	Data collection	<ul style="list-style-type: none"> Identify which municipalities adopted budget simulations in which year and collect financial, demographic, and socioeconomic data of those municipalities. Surveys financial directors of the municipalities that implement budget simulations.
September 2020	Data analysis	<ul style="list-style-type: none"> Conduct quantitative analysis of the adoption of budget simulations. Analyze the survey data.
October - November 2020	Write manuscript	<ul style="list-style-type: none"> Write the manuscript.
December 2020	Revise manuscript	<ul style="list-style-type: none"> Review and revise the manuscript. Submit the proposal for the Western Social Science Association annual conference.
January - April 2021	Present and submit	<ul style="list-style-type: none"> Present at the UNO Research and Creative Activity Fair in March 2021. Present at the Western Social Science Association annual conference in March 2021. Submit the manuscript to a journal.

d. Student/Faculty Mentor Roles

Student (Wei-Jie Liao)	Faculty Mentor (Dr. Carol Ebdon)
<ul style="list-style-type: none"> Meet with the mentor regularly to report the research progress to the mentor. Write literature review and justify the use of the Ebdon and Franklin framework. Collect and analyze data. Write and revise the manuscript. Submit a proposal for the WSSA annual conference and submit the manuscript to a journal. 	<ul style="list-style-type: none"> Meet with the student regularly to check in the research progress. Provide feedback for research design, data collection, and data analysis. Help the student review the manuscript.

Budget Justification

This is the first time that I have applied for a GRACA grant. I am currently a recipient of UNO's graduate assistantship. However, the graduate assistantship will end in May 2020. Thus, the GRACA grant will be used as the stipend for the summer of 2020. With the help of the GRACA grant, I will be able to focus on the research project during the summertime. The items and amounts of the expenses are listed below:

Category	Items	Expenses	Amounts (\$)
Student's Summer Stipend	May 2020: 2.5 weeks (13 th - 29 th)	\$20 × 50 hours (20 hours per week)	\$1,000.00
	June 2020: 4 weeks (1 st - 26 th)	\$20 × 80 hours (20 hours per week)	\$1,600.00
	July 2020: 4 weeks (6 th - 31 st)	\$20 × 80 hours (20 hours per week)	\$1,600.00
	August 2020: 2 weeks (3 rd - 14 th)	\$20 × 40 hours (20 hours per week)	\$800.00
Total		\$20 × 250 hours	\$5,000.00

During the summertime, I will mainly focus on data collection. I will create a list of municipalities that have adopted budget simulations and their adoption time and collect the financial, demographic, and socioeconomic data of those municipalities. And then, I will conduct a survey on municipalities that implement budget simulations as well as interviews with the leaders of the Engaged Public and the Next 10. The budget (\$5,000.00) will allow 250 hours of work between May and August 2020 at \$20.00 per hour. This is comparable to my current hourly rate as a graduate assistant (\$1,600.00 per month after tax; 80 hours per month).

References

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October 16, 2019

Graduate Research and Creative Activity Committee
University of Nebraska at Omaha

Dear Committee Members,

I am writing to recommend Wei-Jie Liao for a GRACA grant. I am the chair of Wei-Jie's doctoral supervisory committee. The GRACA project will provide foundational work for his dissertation related to the use of budget simulations as a form of citizen participation in local governments.

Wei-Jie's proposal is for a project entitled "Assessing the Adoption and Implementation of Budget Simulations at the Municipal Level." Most local governments struggle to balance their annual budgets. They face constraints from states and voters that make it difficult to increase taxes, but citizens continue to demand expanded government services. Various mechanisms have been used to involve citizens in the budget process. Normatively, citizen engagement enhances transparency, trust in government, and education of budget complexities, among other benefits. Participation in the budget process has received increasing attention in the academic literature in the past two decades, but large gaps remain, especially related to how, when, and why different methods are used, and the outcomes of these efforts.

Wei-Jie plans to focus specifically on the use of one participation method, budget simulations, in which individuals use scenarios to make recommendations on how to balance the government's budget. Technology has made these tools easier to develop, and the use of online budget simulations has become more popular. There is virtually no empirical research yet on the use of this mechanism, so this study will be an important contribution to the literature. The results will be useful for public administration and finance scholars, but will also benefit local government officials as they consider ways to increase the involvement of citizens in the public budgeting process.

I will mentor Wei-Jie in this project. He will do all the work on the design, data collection and data analysis. We will meet regularly and will discuss his progress and any issues that arise. I will also review his written manuscript and make suggestions as appropriate. I have conducted and published research related to citizen participation in the budgeting process, so am familiar with this topic.

Wei-Jie has been exploring the broad budget participation topic for a couple years. He has written several papers on various aspects in this area. For example, he presented a co-authored conference paper in September with Dr. Craig Maher that explores the use of citizen participation in budgeting in city governments based on survey data. He has also been working with me on a project that compares the benefits and disadvantages of Participatory Budgeting (a specific form of participation) and budget simulations in the United States. Wei-Jie is familiar with the appropriate literature and he has the necessary methodological skills based on his coursework in both his Master's and Ph.D. courses. His proposed budget is appropriate. Wei-Jie is a strong student who works very hard and has demonstrated his ability to conduct high-quality, independent research. He has a bright academic career ahead of him, and I am excited to supervise his work on this project that will make a strong contribution to the field of public administration.

I fully support Wei-Jie's application, and believe that he is well prepared to conduct this important research. If you have any questions, please contact me at cebdon@unomaha.edu or 402-554-2152.

Sincerely,
Professor Carol Ebdon

