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### Participatory Budgeting in the United States: A Preliminary Analysis of Chicago's 49<sup>th</sup> Ward Experiment

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# Participatory Budgeting in the United States: A Preliminary Analysis of Chicago's 49<sup>th</sup> Ward Experiment

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**Abstract** *This paper presents a preliminary analysis of the first participatory budgeting experiment in the United States, in Chicago's 49th Ward. There are two avenues of inquiry: First, does participatory budgeting result in different budgetary priorities than standard practices? Second, do projects meet normative social justice outcomes? It is clear that allowing citizens to determine municipal budget projects results in very different outcomes than standard procedures. Importantly, citizens in the 49th Ward consistently choose projects that the research literature classifies as low priority. The results are mixed, however, when it comes to social justice outcomes. While there is no clear pattern in which projects are located only in affluent sections of the ward, there is evidence of geographic clustering. Select areas are awarded projects like community gardens, dog parks, and playgrounds, while others are limited to street resurfacing, sidewalk repairs, bike racks, and bike lanes. Based on our findings, we offer suggestions for future programmatic changes.*

## I. Introduction

There has recently been a great deal of interest and development in participatory budgeting (PB) around the globe. From initial experiments in Brazil in 1989, this practice has rapidly grown and is now in place in over 1,200 local governments worldwide.<sup>1</sup> The United Nations, World Bank, and Inter-American Development Bank support this as a "best practice" for local governance and development.<sup>2</sup> A standard definition of PB is "a decision-making process through which citizens deliberate and negotiate over the distribution of public resources."<sup>3</sup> Three normative ideals guide the PB process. First, it urges wide-spread citizen participation in making budgetary decisions, with special attention to including

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<sup>1</sup>Josh Lerner and M. W. Antieau, "Chicago's \$1.3 Million Experiment in Democracy," *Yes! Magazine*, April 20, 2010.

<sup>2</sup>Benjamin Goldfrank, "Lessons from Latin America's Experience with Participatory Budgeting," in Anwar Shah (ed.), *Participatory Budgeting* (Washington DC: The World Bank, 2007), p. 93.

<sup>3</sup>Brian Wampler, "A Guide to Participatory Budgeting," in Anwar Shah (ed.), *Participatory Budgeting* (Washington DC: The World Bank, 2007), p. 21.

typically disadvantaged or excluded citizens. Second, it engenders deliberative decision-making: all participants are equal in the process of generating project ideas, deliberating over alternatives and priorities, and cooperatively deciding on final projects. Third, it encourages distribution of projects to reflect a commitment to equity and social justice: areas with higher poverty rates and less infrastructure or government services receive a higher proportion of resources than better-off and wealthier ones.<sup>4</sup> The work of PB is integrated into local governmental budgetary procedures. It is important to note that there is no one model of PB; rather, it is a name for various experiments that draw on different ideals and practices in relation to specific contexts.

Proponents of these programs insist that they allow greater local involvement with and control over governmental decision-making than traditional budgeting methods, which also leads to better outcomes for involved participants and locales. In some cases, this recommendation appears to be warranted: in Porto Alegre, Brazil, for instance, PB resulted in major infrastructure projects that dramatically improved conditions for the least well off, incorporated thousands of citizens into direct policy-making processes, and increased the transparency and accountability of local government.<sup>5</sup> Critics argue that the situation is more complicated. Acknowledging the early success of Porto Alegre, they caution that broader outcomes have been mixed. In some cases, it is unclear what differences have come about due to moving to a participatory budgeting model. The harshest critics accuse PB of tokenism, arguing that it co-opts citizen participation in the pursuit of a government's or politician's agenda.<sup>6</sup>

Despite the rapid increase in PB prevalence in other countries, the practice has only recently been implemented in the United States. Currently, Chicago, New York, and Vallejo, California, are the only cities that have implemented this reform. This late adoption might be explained by long-standing mechanisms for citizen participation in local budgetary processes in the United States. Participatory traditions date back to New England town meetings and were a major part of the Great Society programs of the 1960s.<sup>7</sup> Today, typical avenues for citizen participation include public hearings, public comment periods at regular council or budgetary meetings, citizen surveys, internet comment boards,

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<sup>4</sup> See *ibid.*, p. 26, and Archon Fung and Erik Olin Wright, "Thinking about Empowered Participatory Governance," in Archon Fung and Erik Olin Wright (eds), *Deepening Democracy* (New York, NY: Verso, 2001), p. 26.

<sup>5</sup> See Raul Pont, "Participatory Democracy and Local Power: The Experience of Porto Alegre," in Iain Bruce (ed. and trans.), *The Porto Alegre Alternative: Direct Democracy in Action* (London: Pluto Press, 2004), pp. 111–19, and Gianpaolo Baiocchi, "Participation, Activism, and Politics: The Porto Alegre Experiment," in Archon Fung and Erik Olin Wright (eds), *Deepening Democracy* (New York, NY: Verso, 2001), pp. 45–76.

<sup>6</sup> For a criticism of Chicago's PB movement, see the Occupy Rogers Park webpage, "Participatory Budgeting in the 49th Ward of Chicago," (accessed May 15, 2013) <http://www.pb49.org/pb-49-history/#3>. For a more general critique, see Brian Wampler, "Participatory Budgeting: Core Principles and Key Impacts," *Journal of Public Deliberation* 8:2 (2012), p. 1. Though not directly criticizing PB, Iris Marion Young's critique of deliberative democracy is applicable to this case. See her "Activist Challenges to Deliberative Democracy," *Political Theory* 29:5 (2001), pp. 670–90.

<sup>7</sup> See Frank Bryan, *Real Democracy: The New England Town Meeting and How It Works* (Chicago, IL: University of Chicago Press, 2004); William H. Stewart, *Citizen Participation in Public Administration* (Birmingham, AL: Bureau of Public Administration, The University of Alabama, 1976).

advisory panels, and open forums on budgets.<sup>8</sup> However, PB is distinct from these practices. Most importantly, in PB, citizens have a degree of direct decision-making power over budgetary priorities and public works projects. This stands in contrast to typical representative models where ordinary citizens may have input but not authority.

This paper presents a preliminary analysis of participatory budgetary outcomes in the United States. It focuses exclusively on Chicago's 49th Ward. This choice is largely based on data availability—the 49th Ward PB program has been in place since 2009, while data is limited for New York and Vallejo because they both started in 2012.<sup>9</sup> This study is preliminary because, at present, there has been no systematic attempt to evaluate PB outcomes in Chicago. We constructed our analysis from a variety of data sources: evaluation reports of the demographics of PB participants, PB election results, City of Chicago's budget reports, and census data.

Our broad research question is whether PB advances public ends more effectively than standard budgetary processes. Of course, definitions of “public ends” and “effectively” are contested. Research literature on PB has tended to focus on three areas: The first is process outcomes. These include measuring the impact of PB on participants' and the broader communities' understanding of budgetary politics and processes.<sup>10</sup> Measures include citizen efficacy, democratic learning, development of civil society and democratic legitimacy. The second area of focus is governance outcomes. These include measures of accountability, monitoring, and limiting corruption.<sup>11</sup> The third is budgetary outcomes. These include research on what types of projects are funded, distribution of projects, efficiency of budgetary processes, and how budgetary aims are realized.<sup>12</sup> This paper focuses largely on budgetary outcomes. We examine two dimensions: First, we look at the ways in which PB results in different budgetary priorities than standard practices. Here we examine what types of projects are selected by PB in the 49th Ward compared to other wards in Chicago. We draw on Bland and Rubin's budget prioritization model<sup>13</sup> and then demonstrate how PB results in different priorities than have been established in contemporary research

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<sup>8</sup> Yahong Zhang and L. Liao, “Participatory Budgeting in Local Government: Evidence from New Jersey Municipalities,” *Public Performance & Management Review* 35:2 (2011), pp. 281–302.

<sup>9</sup> As this article was going to press, the evaluation report from the first year of PB in New York was released. See Alexa Kasdan and Lindsay Cattell, *A People's Budget: A Research and Evaluation Report on the Pilot Year of Participatory Budgeting in New York City* (New York, NY: Community Development Project at the Urban Justice Center, 2013).

<sup>10</sup> Alta Fischer, “Appendix: A Primer of Effective Participation,” in Anwar Shah (ed.), *Participatory Budgeting* (Washington, DC: The World Bank, 2003), pp. 243–55; Doralyn Rossmann and Elizabeth A. Shanahan, “Defining and Achieving Normative Democratic Values in Participatory Budgeting Processes,” *Public Administration Review* 72:1 (2012), pp. 56–66.

<sup>11</sup> Brian Wampler, *Participatory Budgeting in Brazil* (University Park, PA: Pennsylvania State University Press, 2007); Gianpaolo Biaocchi, *Militants and Citizens: The Politics of Participatory Democracy in Porto Alegre* (Stanford, CA: Stanford University Press, 2005).

<sup>12</sup> Aimee L. Franklin, Alfred T. Ho, and Carol Ebdon, “Participatory Budgeting in Midwestern States: Democratic Connection or Citizen Disconnection?” *Public Budgeting & Finance* 29:3 (2009), pp. 52–73.

<sup>13</sup> Robert L. Bland and Irene Rubin, *Budgeting: A Guide for Local Governments* (Washington, DC: International City/County Management Association, 1997), cited in

literature. Second, we analyze whether projects meet social justice outcomes. To do so, we study where projects are located in comparison to demographic data. This rough approximation indicates whether citizens choose projects in more or less affluent neighborhoods.<sup>14</sup>

Participatory budgeting in Chicago's 49th Ward represents a quasi-natural experiment with standard discretionary resource allocation in the Aldermanic Menu Program. Each of Chicago's fifty ward aldermen has 1.3 million dollars in yearly discretionary spending for capital projects. We contrast the outcomes of the 49th Ward to select wards and to the city as a whole. It is clear, based on our data, that allowing citizens to determine municipal budget projects results in very different outcomes than standard procedures. Most importantly, citizens in the 49th Ward consistently choose projects that the literature classifies as low priority. For instance, while most Aldermanic wards prioritized street resurfacing, PB resulted in funding community gardens, dog parks, murals, bike lanes, and bike racks, in addition to street resurfacing.

The results are mixed, however, when it comes to social justice outcomes. The normative goal of inclusion has clearly been a challenge given that participation rates are low and participants are largely white, educated, and homeowners. However, there is no clear pattern in which projects are located in either rich or poor neighborhoods. Yet, there is evidence of geographic clustering. Select areas within the ward obtain projects like community gardens, dog parks, and playgrounds, while others are limited to street resurfacing, sidewalk repairs, bike racks, and bike lanes.<sup>15</sup>

In an important sense, our analysis of outcomes has implications for PB processes. While we did not directly examine the particulars of the PB process, any attempt to deepen democracy must keep both ends and means in view. Thus, based on our outcomes findings, we offer three suggestions for future programmatic changes. First, additional efforts need to be made to expand participation with specific targeted outreach to poor and minority residents. This requires greater funding to support proven techniques such as providing childcare, meals, transportation, and additional translation support. Second, and related, the Aldermanic Menu Program should not be limited to capital projects. Instead, citizens should be able to make choices that address the most pressing needs of the community. Third, PB in Chicago should be systematically evaluated. More encompassing data on both outcomes and processes is vital to understanding and improving this practice.

This paper is organized as follows. In the second section, we review the history of PB. Our third section provides some of the basic theoretical underpinnings for the PB process. The fourth section details the specific history and details of PB in

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Footnote 13 continued

Charles Menifield, *The Basics of Public Budgeting and Financial Management: A Handbook for Academics and Practitioners* (Lanham, MD: University Press of America, 2009), p. 85.

<sup>14</sup>There are clear limitations to this approach. Census data does not neatly map onto city neighborhoods, and where projects are located does not necessarily mean that these are local, "Yes in my back yard" projects. However, looking at data over three years gives a rough approximation of patterns in project locations.

<sup>15</sup>Bike racks and bike lanes on the ballot are linked—if citizens choose either of these two projects, they will be implemented across the Ward. That is, in order to get bike racks or bike lanes in a highly funded area, they must also be placed in lower funded areas.

Chicago's 49th Ward. The fifth section presents data comparing the types of municipal projects selected by PB in comparison to regular budgetary procedures. In the sixth section, we compare the location of selected projects to demographic data. Finally, in the seventh section we discuss our findings as well as point toward future research.

## II. A Brief History of Participatory Budgeting

The recent spate of interest in participatory budgeting largely originated from the implementation and successes of one such program in 1990s Brazil. Porto Alegre, then a city of more than one million people, was marked by wide-spread poverty and significant disparity in both income and access to basic services: "a third of the city's population lived in isolated slums at the city outskirts and lacked access to such public amenities as clean water, sanitation, medical facilities, and schools."<sup>16</sup> Following the 1989 election of the Popular Front electoral alliance, and in response to a "longstanding demand of The Union of Neighborhood Associations of Porto Alegre, ... administrators developed a set of institutions that extended popular control over municipal budgeting priorities."<sup>17</sup> These included both neighborhood and city-wide meetings to learn about, discuss, and propose projects to be included in the city's yearly budget. Additionally, they put in place a "'Quality of Life Index,' which provided a formula for distributing resources to low-income communities (regions with higher poverty rates, lower infrastructure and more participation would receive more funds)."<sup>18</sup>

Observers have commented on the material and social successes of Porto Alegre's participatory budgeting experiment. For instance, one case-study on citizen empowerment reports that "sewer and water connections went up from 75% of total households in 1988 to 98% in 1997" and then goes on to note major expansions in public housing, the number of schools, and the city's health and education budgets.<sup>19</sup> As time went along, greater numbers of Porto Alegre citizens took part in the process: in its first years, fewer than one thousand residents weighed in; a decade later, in 2000, more than fourteen thousand attended.<sup>20</sup> These improvements to infrastructure and participation rates have been paired

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<sup>16</sup> Deepti Bhatnagar et al., "Participatory Budgeting in Brazil," in *Empowerment Case Studies* (Washington, DC: The World Bank, 2003), p. 1.

<sup>17</sup> Gianpaolo Baiocchi, "Participation, Activism, and Politics: The Porto Alegre Experiment," in Archon Fung and Erik Olin Wright (eds), *Deepening Democracy* (New York, NY: Verso, 2003), p. 47. For more on the specific background conditions that led to the establishment of participatory budgeting in Porto Alegre, see Mona Serageldin et al., "Assessment of Participatory Budgeting in Brazil," Center for Urban Development Studies, Harvard University (Washington, DC: Inter-American Development Bank, 2003), esp. pp. 16–19. For remarks on the general background necessary for participatory budgeting, see Brian Wampler, "A Guide to Participatory Budgeting," in Anwar Shah (ed.), *Participatory Budgeting* (Washington, DC: The World Bank, 2003), esp. pp. 24–27.

<sup>18</sup> Wampler, "Participatory Budgeting: Core Principles and Key Impacts," p. 2; see also Rebecca Albers, "Reflections on What Makes Empowered Participatory Governance Happen," in Archon Fung and Erik Olin Wright (eds), *Deepening Democracy* (New York, NY: Verso, 2001), p. 205.

<sup>19</sup> Bhatnagar et al., "Participatory Budgeting in Brazil," pp. 2–3.

<sup>20</sup> Baiocchi, "Participation, Activism, and Politics: The Porto Alegre Experiment," p. 51.

with greater levels of transparency, accountability, and local involvement, which had been sorely lacking in Porto Alegre's municipal government previously.<sup>21</sup>

Donald Moynihan argues that participatory efforts, like this form of budgeting, are particularly well-suited for improving conditions in developing countries and other underserved or underperforming areas.<sup>22</sup> The early outcomes of the Porto Alegre case seem to support this claim. In fact, following the successes of participatory budgeting there in the 1990s, similar efforts were undertaken in other Brazilian cities as well as neighboring South and Latin American countries. Participatory budgeting efforts have been underway in Asia, Africa, Europe, and Canada, eventually spreading to more than 1,200 cities by 2007.<sup>23</sup> The aims and processes these various PB implementations have displayed speak both to the diversity and possibilities of this method, as well as to the way in which PB can be especially receptive to local concerns and needs.

In Canada, for instance,<sup>24</sup> PB is found not at the city level but instead in the more-limited budgets of organizations (for example, a public housing authority) and institutions (for example, a school). These have generally been successful, and they have also shown some of the diverse possibilities for PB. Insofar as they focus on services rather than infrastructure, they show how a PB program can become responsive to resident needs beyond limited consumerist desires. Insofar as they intentionally exclude more well-off residents, they show how social justice concerns may be foregrounded in the inclusion of previously marginalized parties. And insofar as the populations involved are ethnically, educationally, and linguistically diverse, they have shown how alternative methods of communication (for example, translated texts or graphical presentation) may be integrated to encourage wider participation. The Canadian experience is markedly different from that found in other locales, but because of population similarities, it gives a hint for the possibilities of PB in the United States.

Not all PB projects amongst wealthier populations are exemplary of great success, however. For instance, as Lerner and Secondo note, "PB has spread widely in the UK, for example, but citizens are often only able to allocate a few thousand pounds."<sup>25</sup> Tokenism of this sort can give the appearance of greater transparency, less corruption, and real citizen engagement without actual positive outcomes. Additionally, as with any political program that cannot compel citizen involvement, PB frequently suffers from low participation.

Even the much-vaunted PB project of 1990s, Porto Alegre, has come under significant criticism: Brian Wampler notes that following another political party's ascendancy in Porto Alegre, and the simultaneous loss of power by the major

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<sup>21</sup> Serageldin et al., esp. pp. 40ff.

<sup>22</sup> Donald P. Moynihan, "Citizen Participation in Budgeting: Prospects for Developing Countries," in Anwar Shah (ed.), *Participatory Budgeting* (Washington DC: The World Bank, 2003), pp. 55–87.

<sup>23</sup> Josh Lerner, "Participatory Budgeting: Building Community Agreement around Tough Budget Decisions," *National Civic Review*, 100:2 (2011), p. 30.

<sup>24</sup> This case has been discussed at length in Gianpaolo Baiocchi and Josh Lerner, "Could Participatory Budgeting Work in the United States?" *The Good Society* 16:1 (2007), pp. 10–11.

<sup>25</sup> Josh Lerner and Donata Secondo, "By the People, For the People: Participatory Budgeting from the Bottom Up in North America," *Journal of Public Deliberation*, 8:2 (2012), p. 3.

socialist party, most of the PB process continues in only a stripped-down form.<sup>26</sup> The voting and educative process remains, but many governmental office-holders no longer attend meetings, the portion of funds distributed through this process has been significantly reduced, and projects now frequently originate from the government rather than from participants. Because of these developments, contemporary Porto Alegre simultaneously provides an example of the possibilities of PB success as well as the dangers of PB tokenism and co-option within a neoliberal economic situation. Because of these dangers and in spite of the successes, some questions remain as to what degree participatory budgeting can be effectively implemented in the United States.

Currently, portions of Chicago and New York, and all of Vallejo, California have implemented this reform. Lerner and Baiocchi argue that as there are fewer basic needs remaining unfulfilled in these cities, it may be that citizens already consider their governments sufficiently responsive not to warrant further direct involvement. Those theorists who subscribe to the ideals of participatory democracy suggest that despite the putative responsiveness of these governments, greater mechanisms of participation should still be encouraged. This paper's next section makes the case in brief.

### III. A Theory of Participation

Participatory democracy insists on a robust intersection of theory and practice. Developing out of social movements from the 1960s and 1970s, participatory democracy calls for greater democratization of all sectors of human activity. Participatory budgeting, in all of its many forms, has clear resonance with participatory democratic theory.<sup>27</sup> The sorts of participatory budgeting processes instantiated in Porto Alegre and elsewhere exemplify the normative traits participatory democrats encourage. These participatory efforts can be normatively evaluated in respect to three criteria: citizen inclusion, deliberative decision-making, and social justice. The first of these encourages the broadest possible scope of involvement. The second speaks to the way in which included parties interact in determining projects. The third demands that government action must be just; its aim is to benefit those who are least well off.

Inclusion is encouraged through structural and programmatic design. On the structural level, PB often allows participation from all area residents regardless of citizenship status. In some PB processes, teenaged residents are given a say in the process equivalent to those of neighboring adults. In addition, programmatic efforts are made to open the process as widely as possible. This includes outreach efforts to community organizations, holding meetings in different languages, providing transportation and childcare, and the like.

The deliberative criterion asks that those people involved must be seen not merely as givers of consent but instead as active and equal participants. This

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<sup>26</sup> Wampler, "Core Principles," pp. 4–5.

<sup>27</sup> Boaventura de Sousa Santos argues that participatory practices in the global south such as PB emerged independently of participatory theory. See De Sousa Santos (ed.), *Democratizing Democracy: Beyond the Liberal Democratic Canon* (London, UK: Verso, 2005). Jeffrey Hilmer argues that the success of PB calls for a revival of participatory theory. See Hilmer, "The State of Participatory Democratic Theory," *New Political Science* 32:1 (2010), pp. 43–64.



means, in the ideal case, that they take part in every element of the political decision-making process. Participants must have an opportunity not only to decide amongst competing options but also to propose and to define the options amongst which they are deciding. All of this is carried out in a spirit of cooperation, with attention to participants giving reasons for their positions. In some cases, full deliberation may even mean that elements of the decision-making procedure itself are up for debate and revision.

Social justice demands that participants' efforts are directed toward the public good by benefiting those who are least well off. Wampler argues that insofar as PB includes previously excluded segments of society (the inclusion ideal) and considers their participation the very legitimization of the distribution process (the deliberation ideal), PB is redistributive in principle.<sup>28</sup> More than this, he cites Porto Alegre's "quality of life index" as evidence that PB was *designed* with the third ideal, social justice and equity, in mind. While the first two criteria are consistently realized, to varying degrees, in the many PB efforts attempted and underway around the globe, this third one is less easily identified in all cases.

Participatory theories suggest that democratic organization is at its best when participants are engaged and responsive collaborators in both deliberative decision-making and broader forms of political action.<sup>29</sup> While deliberation is important as an element of a political process, it is for the participatory democrat not an end in itself. Rather, it serves as a step along the way to broader outcomes. Indeed, unlike narrower deliberative theories of democracy, "participatory theories emphasize democratic transformation of individuals and institutions."<sup>30</sup> Because of this, openness and transparency of both process and aims are necessary.

Ultimately, then, participatory democracy is a theory about *deepening* and *broadening* democracy. The American system is already, at least nominally, a democratic one. Systems of popular election allow representatives to speak in the place of their fellow citizens, those who will feel the consequences of governmental action or inaction. What participatory democracy demands is that those upon whom consequences are visited also have a hand in the creation of relevant policies. Given the impact of budgetary decisions, participatory theory insists on greater involvement of those persons affected. We may see contemporary experiments in participatory budgeting as instances of participatory democracy *within* other, less-fully democratic situations. While this is not a realization of the democratic ideal, it is surely a step in that direction.

#### IV. Participatory Budgeting in the 49th Ward—How and Who?

The City of Chicago is divided into fifty wards, each of which is represented on the City Council by a popularly elected alderman. In Fiscal Year (FY) 1995, Mayor Richard M. Daley began to appropriate to these representatives money to be used primarily for capital improvements in each of their wards. The Aldermanic Menu Program, as these funds are known, is listed as a line-item appropriation in each

<sup>28</sup> Wampler, "Participatory Budgeting: Core Principles and Key Impacts," pp. 5–6.

<sup>29</sup> R.W. Hildreth, "Word and Deed: A Deweyan Integration of Deliberative and Participatory Democracy," *New Political Science* 34:3 (2012), p. 296.

<sup>30</sup> *Ibid.*, p. 296.

year's mayoral budget. Throughout the period which this paper investigates, FY 2010–2012, each ward was given an annual appropriation of 1,320,000 dollars for this program. The program is administered by Chicago's Department of Transportation as part of the city's Capital Improvement Program, which is an official statement of planned improvements to infrastructure. These funds may be used for infrastructure projects including street, alley, and sidewalk repairs; improvements to public schools and parks; and installations like community gardens, streetlights, public murals, and police surveillance cameras. Menu funds may not be used for personnel, such as teachers and police officers, or programs, such as daycare and afterschool sports, nor may they be spent to improve privately owned properties. Traditionally, Menu projects have been selected at the sole discretion of each alderman, which has opened the program to accusations of cronyism, clientelism, and corruption.

Chicago's 49th Ward, on the city's far north side, includes over fifty-two thousand people and is made up of parts of the neighborhoods of Rogers Park, West Ridge, and Edgewater. The district is racially diverse: according to 2010 census data, 37% of the population is White, 28% is Black, 24% is Hispanic, 7% is Asian, and 4% is recorded as "Other." Median income for this ward is approximately 39,500 dollars per year.

The ward's alderman since 1991 has been Joseph Moore. Following a close runoff election,<sup>31</sup> he proposed in October of 2009 to begin using a participatory budgeting strategy to allot Menu funds. Moore and his staff held nine informational meetings throughout the ward, at which residents learned the basics of participatory budgeting, produced initial ideas for infrastructure improvement projects, and then elected representatives to further develop these proposed ideas. A few months later, following these representatives' work, a general meeting of ward residents was called. There, participants deliberated and then voted how to prioritize these projects. In an important departure from standard American voting processes, the 49th Ward allowed any resident over the age of sixteen to participate, regardless of citizenship.

In the email announcing this transition in the decision-making process, Moore emphasized that the 49th Ward was "the first political jurisdiction in the nation to try such an approach," and he indicated an experimental attitude, writing, "[i]f this process works, I will make it a permanent fixture in the ward and hopefully inspire other elected officials to do the same in their communities."<sup>32</sup> Moore was also aware of the possible limits: "This experiment in democracy will not work unless we have full and complete participation from all sectors of our diverse community." The email ended on an optimistic tone, indicating the sort of democratic hope that spurs most participatory theory. Moore wrote, "I have full faith that the residents of the 49th Ward can decide what's best for our neighborhood, when given enough time, information, and support."

Moore's hopeful experimentalism seems to have been satisfied in the first year, as the 49th Ward has continued to use participatory budgeting annually ever since. More than this, his intention for his ward to be a model for other

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<sup>31</sup> Out of 7,803 ballots cast in the April 2007 Supplementary Municipal Election, 4,027 (51.61%) went for Moore and 3,776 (48.39%) for his challenger, Don Gordon.

<sup>32</sup> Joe Moore, "Email to 49th Ward Residents, October 29, 2009," [http://www.ward49.com/site/epage/86614\\_322.htm](http://www.ward49.com/site/epage/86614_322.htm).

municipalities has been realized. Eight council districts in New York City are experimenting with participatory budgeting this year,<sup>33</sup> and in 2012, Vallejo, California narrowly approved using city-wide participatory budgeting for a portion of their budget.<sup>34</sup> Close to home, for the FY 2012–2013 budgeting cycle, three other Chicago aldermen pledged to cede their “decision-making authority to the residents of [their] wards.”<sup>35</sup> Closer still, and possibly speaking to PB’s political popularity, in his one reelection since implementing the participatory process, Moore defeated his only opponent by an overwhelming margin of 45%.

As stated above, there are many models for PB, all of which share resemblances in ideals but differ in particulars of implementation. The 49<sup>th</sup> Ward’s budgeting process consists of three phases. First, nine neighborhood meetings are held at different locations throughout the ward during the months of October and November. One of these meetings is carried out in Spanish, which encourages the inclusive participation of diverse residents; after all, 24% of the 49<sup>th</sup> Ward residents are Hispanic. At these forums, residents are encouraged to brainstorm and to propose projects. Unlike in the PB method originally deployed in Porto Alegre, the 49<sup>th</sup> Ward’s process does not include a quality of life index or needs-based assessment prior to residents’ proposing ideas for improvements. These brainstorming meetings also give interested residents an opportunity to volunteer to serve as “community representatives” in the PB process’s next stage.

During the months from November to March, the second step of the PB process occurs, and these representatives meet in ward-wide assemblies, broken up into five different project committees: Arts & Innovation, Parks & Environment, Traffic & Public Safety, Streets, and Transportation. It is evident that the designation of these committees already ensures a broader range of projects than are typically part of aldermanic allocations. Each of these groups provides an opportunity for participants to debate the relative merits and feasibility of the projects proposed in the prior phase. They also attempt to determine the projects’ costs. As this phase concludes, these committees prepare a report which is returned to the general community, and from these findings a ballot is prepared.

Starting in the 2011 election, voters are first asked to select what percentage of the discretionary Menu funds should be allotted for street resurfacing. The remainder of the money not allocated for streets is then distributed based on which projects receive the most votes. The Streets committee then determines which roads will be resurfaced. Each voter may choose up to six projects, casting six equally weighted votes once for each of his or her selections. To encourage greater inclusion, 49<sup>th</sup> Ward aldermanic staff enables early voting at the ward office and other nearby locations. Additionally, the election itself is held on a Saturday, when fewer residents are expected to be unavailable due to work.

<sup>33</sup> Jeff Mann, “Levin to Open Budget Process to the Public,” *The Greenpoint Gazette*, July 26, 2012, <http://www.greenpointnews.com/news/4719/levin-to-open-budget-process-to-the-public>.

<sup>34</sup> Jessica A. York, “Vallejo Approves Public Budgeting Process for Portion of New Sales Tax Revenue,” *Vallejo Times Herald*, April 19, 2012, [http://www.timesheraldonline.com/ci\\_20431788/vallejo-approves-public-budgeting-process-portion-new-sales](http://www.timesheraldonline.com/ci_20431788/vallejo-approves-public-budgeting-process-portion-new-sales).

<sup>35</sup> “Aldermen & Community Groups Pilot New Model of Democratic Budgeting for Chicago,” Participatory Budgeting Project press release, October 3, 2012.

Following the election, Alderman Moore submits project requests based on the election results. Assuming city approval, the projects are carried out subsequently, their implementation dependent on municipal resources and other administrative constraints.

Our understanding of resident participation in 49th Ward PB is based on internal survey data from the 2010 and 2012 budgeting elections.<sup>36</sup> Rates of participation and distribution of participants between the two years are relatively stable. Because the 2012 results are recent data, we can see this as a snapshot of both the current and developed state of PB participation.

In 2012, in a ward of more than 52,000 total residents, 1,324 voted in the PB election (approximately 3% of eligible voters). Of these voters, 479 completed surveys about their experiences. The survey respondents were fairly evenly divided between women (51%) and men (49%). Ages ranged from 16 to 85, with the largest segment involved being those aged 36–45 (22%). The overwhelming majority of those involved in the election have college degrees (79%) or some college experience (12%). Participants overwhelmingly self-identified as White (70%). “Other” was the next highest response, at 7%, then Black or African American (6%) and Hispanic or Latino (4.5%), and Asian (2%). All other racial and ethnic categories had less than 1% reported. Unfortunately, geographic information on where PB participants live was not collected. Finally, over 77% of survey respondents were homeowners.

From this data emerges a picture of the average 49th Ward PB participants: they are largely white, college-educated, middle-aged, and homeowners. Compared with census population data, there is a disproportionate degree of participation in PB from White residents: 70% of the participants identified as White, but only 37% of the ward is White. While 28% of all ward residents are Black, they represent only 6% of PB survey respondents. Hispanics are also nearly 25% of the ward’s population, but have participated at a rate of only 4.5%. Home ownership is another area of marked contrast with 73% of PB participants owning compared to 30% of the ward as a whole. Lerner and Secondo suggest that because of the Aldermanic Menu Program’s limitation to capital projects, many community groups and neighborhood organizations opted out of the process because funds could not effectively address the substantial needs of minority groups.<sup>37</sup> They also point to leadership and note that after the first year, “the Steering Committee ended up being led by the ‘usual suspects’—primarily people who were homeowners, white, and middle to upper class.”<sup>38</sup>

There have been criticisms that PB has not included enough poor and minority residents. While supporting the concept of participatory budgeting, critics argue that it does not fulfill its promise as a truly democratic and empowering process. Instead, they view it as more of a re-election strategy for the Alderman, whose

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<sup>36</sup>This data was compiled as part of an evaluation report conducted by researchers at DePaul University. It was publicly presented at meetings and has been published at <http://www.pb49.org>. Because not all voters were surveyed, the Alderman’s office contested the accuracy of this data. Benjamin Woodard, “Participatory Budgeting Favors Wealthy, White Residents, Opponents Say,” *DNAInfo Chicago*, May 2, 2013, <http://www.dnainfo.com/chicago/20130502/rogers-park/participatory-budgeting-favors-wealthy-white-residents-opponents-say>.

<sup>37</sup>Lerner and Secondo, “By the People,” p. 4.

<sup>38</sup>*Ibid.*, p. 5.

**Table 1.** Ward 49 Percentage of Funds Committed by Project Type for 2010–2012

Project Type	Agency	Necessity	2010	2011	2012
			Percent	Percent	Percent
Roads	CDOT	High	16%	57%	53%
Miscellaneous CDOT, bike lanes	CDOT	Low	12%	6%	0%
Sidewalks	CDOT	High	13%	1%	15%
Safety, e.g. lighting/ traffic signals, cameras	BOE/ POD	High	20%	0%	0%
Schools	Schools	High	0%	0%	0%
Park & Recreation	CPD	Low	24%	36%	13%
Art/Beautification/ Environment	Various	Low	6%	0%	20%
CTA- e.g. platform improvements	CTA	Medium	6%	0%	0%
Solar trash cans	Other	Low	3%	0%	0%
Total			100%	100%	100%

support has increased since instituting participatory budgeting. In response to such criticisms, the 49th Ward and The Great Cities Institute housed at the University of Illinois at Chicago in association with the Participatory Budgeting Chicago initiative have turned to various outreach programs to counter a lack of outreach funding. One program assigned two graduate students to assist in mobilization efforts in Ward 49 as well as pilot programs in three other wards during the 2012–2013 cycle.<sup>39</sup> This program is explicitly directed at increasing participation in low income communities and communities of color. Other efforts have included canvassing to mobilize members of the community. Despite various efforts to recruit more minority and poor participants, the demographic data suggests that these strategies have not been entirely effective.

## V. Budgetary Outcomes

We next examine the allocation of resources, as determined, in part, by residents, to fund projects in the 49th Ward compared to the city as a whole and targeted wards for three years, FY 2010 through FY 2012. It is important to note that we are using data of funds *spent* for the fiscal year. There are often discrepancies between what citizens choose to fund through PB and actual budgetary allocations. For instance, in FY 2010, the 49th Ward residents allocated \$188,292 for sidewalks while \$166,349 was actually spent. Conversely, in this year residents allocated \$102,000 for street resurfacing while \$216,873 was spent on roads. Due to complications with city budgeting procedures, some projects, such as artistic bike racks, were not implemented during FY 2010. Starting in FY 2011, approximately \$320,000 was held in reserve from Aldermanic funds to help pay for incomplete projects and budget overages. This section is organized as follows: First, we

<sup>39</sup> Ellyn Fortino, "The Votes Are In: A Look At Participatory Budgeting In Chicago," *Progress Illinois*, May 10, 2013, <http://www.progressillinois.com/posts/content/2013/05/10/votes-are-look-participatory-budgeting-chicago>.

compare the 49th Ward to the city as a whole. However, because aggregate city data includes industrial and business areas, we compare the 49th Ward to three similar residential wards. Finally, we discuss the implications of participatory budgetary outcomes.

Table 1 shows percentage of total funds committed to each project approved in the 49th Ward for FY 2010 through FY 2012. It also shows the responsible agency and the categorization of each project based on priority, which varies by project type. The Chicago Department of Transportation (CDOT), for example, paves roads, alleys, and sidewalks and creates bike lanes (listed as “miscellaneous CDOT”). The necessity column is based on criteria developed by Menifield. Following Bland and Rubin, Menifield offers the following schema for identifying and prioritizing capital projects when citizens participate in budgetary processes:

- High: These are projects that are vital and impending. They should be ranked at the top and funded in the early years of the Capital Improvement Plan (CIP). These are items that *must* be done.
- Medium: These are projects that are also vital but do not have to be funded immediately. They should be in the middle to later years of the CIP. These are items that *should* be done.
- Low: These are projects that have great benefit to the city, but not to the extent that they should receive higher priority. That is, they will not adversely affect critical areas immediately. These are items that *could* be done.<sup>40</sup>

Table 1 shows that in FY 2010 most resources were committed to Parks and Recreation (24%), Safety (20%), and Roads (16%). Residents chose a wide range of projects, mixing low priority and high priority projects. It is important to note that in FY 2010, the first year of participatory budgeting, street resurfacing was voted on street by street in the same manner as any other project. Beginning in FY 2011, however, citizens voted in two parts: The first a referendum on street resurfacing and the second on specific projects other than street resurfacing. Rather than voting on which individual streets or portions of streets would be resurfaced, voters were first asked to vote on the percentage of the overall budget they wanted spent on street resurfacing, in 10% increments. The ballot included a list of street resurfacing priorities as determined by the Streets Committee, drawn from PB participants. After averaging voters’ desired allocation of the budget, the amount of funds and number of streets to be resurfaced was determined. The increase in funds to street resurfacing following this change is startling—from 16% in FY 2010 to 57% in FY 2011 and 53% in FY 2012. In FY 2011, citizens’ top priorities were street resurfacing (57%) and parks and recreation (27%). In FY 2012, most funding was dedicated to street resurfacing (53%); art, beautification, or environmental projects (20%); and sidewalks (15%). It is noteworthy that the 49th Ward was the only ward that committed monies toward the solar trashcans or CTA projects in the three years of this study.

How does the 49th Ward compare to Aldermanic Menu priorities for the entire city? By aggregating data for all 50 wards (excluding Ward 49), the results are very clear. Of all aldermanic expenditures averaged over three years, 58% of the money was committed to roads, between 23% on safety, and approximately 12% on sidewalks. All other projects over the three-year period accounted for less than 6%

<sup>40</sup> Menifield, *The Basics of Public Budgeting*, p. 85.

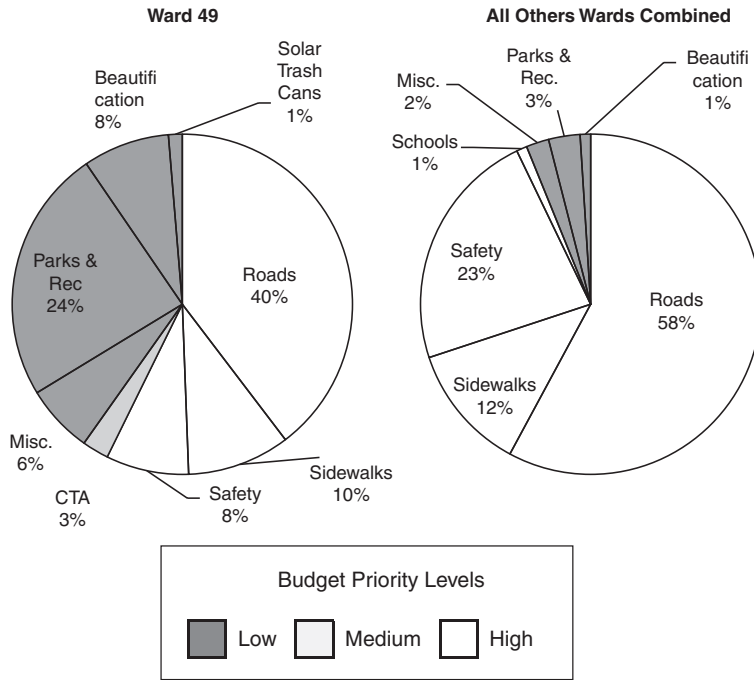


Figure 1. Comparison of Aldermanic Menu Fund Distribution between 49th Ward and All Other Wards Combined<sup>41</sup>

of the monies committed. Each segment in Figure 1 is shaded according to budget priority scheme developed by Bland and Rubin.

We now compare the 49th Ward budget prioritization to that of similar wards in the city. The aggregate data on all 50 wards might obscure the fact that certain neighborhoods might have and express distinct needs. We selected three wards (46, 48, 50) that are roughly similar to the 49th Ward. These are residential wards contiguous or near the 49th Ward in the northeastern part of the city. All of the wards are roughly similar in terms of diversity and income. Table 2 shows basic demographic and income data for the four wards.

The targeted comparison wards mirror the basic pattern with the city as a whole. When looking at the shaded areas by the budget priority scheme developed by Bland and Rubin, Figure 2 shows that the comparison wards committed nearly all their funds for roads and safety. There were variations from year to year and between different wards, but the funding priorities remain constant throughout the period studied. There are two small exceptions. Ward 48 stands out in FY 2010 for committing one million dollars (81% of total funds for that year) toward the rebuilding of a local library. Ward 46 also dedicated a small percentage of its funds to beautification.

<sup>41</sup> Data were obtained from the City of Chicago's Aldermanic Menu reports. For FY 2012, we included 49th Ward projects such as Sidewalks (\$150,000), Trees (\$75,000), and Murals (\$120,000) chosen by citizens that were not included in the official reports due to delays in implementation.

**Table 2.** Demographic and Income Data for Targeted Ward Comparisons

	Ward 46	Ward 48	Ward 49	Ward 50
Asian	9%	9%	7%	23%
Black	18%	18%	28%	10%
Hispanic	21%	12%	24%	19%
White	55%	55%	37%	45%
Other	3%	3%	4%	3%
Population	53977	54186	52252	58458
Median Income	\$38,883	\$35,766	\$39,482	\$41,144

On the most basic level, citizens in the 49th Ward had a very different set of selected priorities than used in standard Aldermanic budgeting. The city as a whole and the three targeted wards all committed the vast majority of funds to roads and safety (for example, street lights and Police Observation Devices). While residents in the 49th Ward also dedicated a majority of funds to “high priority” projects, they also chose a broader range of projects and many that are usually deemed low priority (36% of all project allocations over three years). Many were unique projects such as community gardens, dog parks, murals, and artistic bike racks. This uniqueness caused difficulties, however. Several projects such as artistic bike racks, historical signs, and ward-wide tree planting were delayed because of difficulties in site selection. These difficulties stand in contrast to the fact that resurfacing streets and putting up street lights follow well-established procedures. One notable difference between the 49th Ward and other wards might be that the “standard” Aldermanic Menu Program follows well-established budgetary processes and public works procedures. However, there might be more to these differences than just following what has been done before. Citizens, when given a choice, pursue new and different types of projects that do not match the prioritization scheme established by Bland and Rubin. They also chose many projects that represent a distinct place or neighborhood within the ward. Street and sidewalk resurfacing are relatively non-controversial. The fact that a community garden is located in one part of the ward could invoke distributive politics, at least on a small scale. Doing so would reduce PB to a phenomenon we call “yes in my back yard” or YIMBY. In the next section we examine how projects are distributed within the 49th Ward. We explore whether this instance of PB meets the social justice criterion. Given that participants were overwhelmingly white and college educated, will projects be located in affluent neighborhoods?

## VI. Project Location and Demographic Data Comparison

In this section we examine where projects are located and compare that with data from the census and American Community Survey. Even though this is a rough measure (census tracts do not follow neighborhood boundaries), it gives us an approximation of whether projects were placed in more or less affluent and more or less diverse areas. Data for projects is based on the 49th Ward PB election results. That is, we look at what projects citizens chose and the budgets they allotted. This stands in contrast to the previous section which is based on what



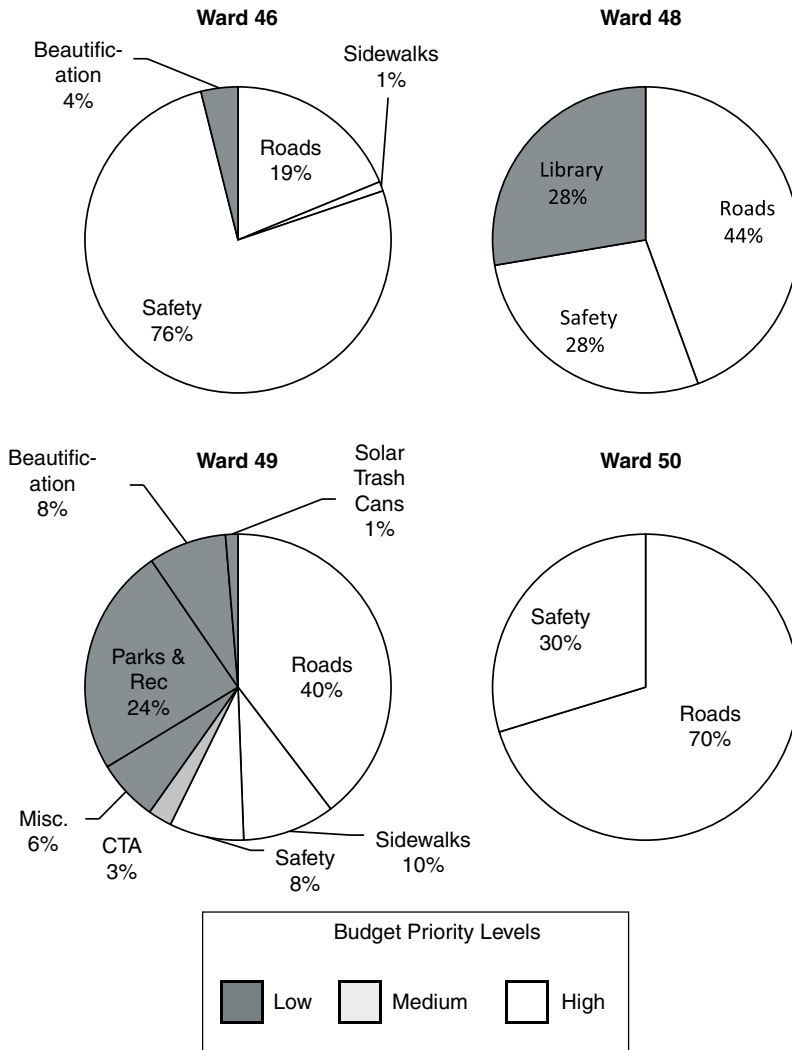


Figure 2. Comparison of Aldermanic Menu Fund Distribution between 49th Ward and Select Wards<sup>43</sup>

was actually spent. US Census tracts were used to divide the Ward into 13 parts for analysis. The American Community Survey was used to estimate median income for each census tract, and demographic data was acquired from the 2010 US Census website.<sup>42</sup> In some cases, determining exact project locations is difficult. Street resurfacing projects crossed census tracts and several projects were “bundled” (for example, path improvements at several parks). For projects that went through multiple tracts, such as bike lanes, or that were constructed at the intersection of multiple tracts, such as traffic signals, we divided funds equally

<sup>42</sup>Census data does not provide mutually exclusive racial or ethnic categories. Thus, a respondent could report being both Hispanic and Black, which makes it possible for the overall percentages to sum to greater than 100.

across these tracts. Figure 3 shows the locations and types of all PB projects developed and deployed throughout the 49th Ward in the years 2010–2012.

This map shows a broad distribution of projects. Some groups of projects are clustered along streets or rail lines (CTA or MTA underpass murals, solar powered trash cans). However, just showing the number of different projects might not provide a means to analyze the total allocations to particular parts of the 49th Ward. Table 3 shows the breakdown of total funding and non-street funding (for FYs 2010–2012) according to census tracts demographic and income data.

Table 3 shows that PB in the 49th Ward was not simply an issue of well-off neighborhoods funding projects in their back yards (YIMBY). Tract 102.2 received the lion's share of funding (\$643,999). It had a relatively modest estimated median annual income of \$35,724 and was one of the more racially diverse tracts in the ward. This tract also included a high number and diverse range of projects—underpass murals (6), underpass improvement (2), traffic signal (1), community garden (1), playground replacement (2), bike rack (1), street lighting (1), bike lanes (3). The vast majority of these funds were spent on two projects—the playground replacement (\$300,000) and a traffic signal (\$230,000). Tract 107.01 had the highest income and received the third most in funding, \$268,988. It is also important to highlight tract 104. It received the second most non-street funds. It is less diverse and also on the higher end of the income scale. As a tract on the lakefront, its projects included: sidewalk repairs (1), accessible beach ramps (2), beach shower (1), solar trash cans (4), El platform improvements (1), bike lanes (2), and bike racks (3). The two lowest funded tracts are only partially in the 49th Ward, making

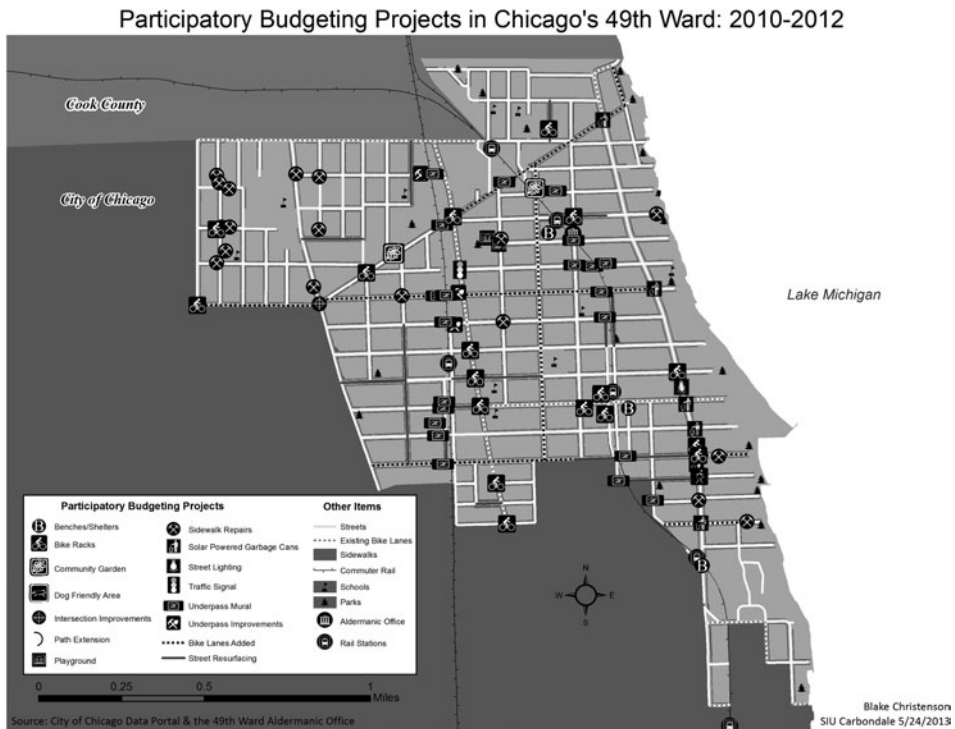


Figure 3. Map of Participatory Budgeting Projects by Type and Location

**Table 3.** Participatory Budgeting Project Allocations and Demographic Information by Census Tract

Census Tract	Total funds	Rank	Non-Street funds	Rank (non-steets)	Median Income	% Black	% Hispanic	% Asian	% White
101	\$137,065	10	\$43,433	10	\$36,905	50	13	3	37.3
102.01	\$409,762	2	\$169,896	3	\$40,681	36	32	5	35.8
102.02	\$643,999	1	\$643,999	1	\$35,724	34	28	5	43.9
103	\$208,225	5	\$160,559	5	\$45,224	28	19	6	52.4
104	\$196,820	7	\$196,820	2	\$44,018	15	10	11	66.3
105.01	\$167,200	8	\$167,200	4	\$33,427	32	12	9	49.3
105.02	\$252,824	4	\$62,160	8	\$30,330	25	8	11	58.7
105.03	\$10,000	13	\$10,000	13	\$18,250	13	11	15	63.4
106	\$159,916	9	\$36,883	11	\$47,610	25	19	5	56.7
107.01	\$268,998	3	\$126,000	6	\$55,682	20	5	38	55
107.02	\$199,376	6	\$87,126	7	\$43,304	23	47	6	46.3
201	\$57,880	12	\$57,880	9	\$45,888	30	24	15	38.6
8306	\$127,750	11	\$15,500	12	\$45,333	17	44	5	49.9

them in some sense outliers. Tract 105.03, a 63.4% white tract, which has the lowest median annual income at \$18,250, received just one bike lane at an estimated cost of \$10,000. Tract 8306, a relatively well-off tract with an estimated median annual income of \$45,333 and a fairly diverse population received \$15,500 over three years for bike racks, a mural, and a bike lane.

As noted, there was a change in FY 2011 in the participatory budgeting process. In FY 2010 street resurfacing was voted on street-by-street in the same manner as any other project. Starting in FY 2011, citizens first voted what percentage of Menu funds should go to street resurfacing and then voted on non-street projects. This resulted in a great increase in the number of streets resurfaced. In the first year only one of nine proposed street resurfacing projects was chosen by voters, with a projected cost of \$102,000. If other resurfacing projects such as bike lanes and sidewalk repairs are included, the total resurfacing budget is \$390,292 (30% of total allocation). The following year voters allocated 57.2% of the budget, or \$572,000, to street resurfacing, which resulted in 12 streets or portions of streets being resurfaced. In FY 2012 this number decreased slightly to 53% of the budget, or \$530,000, which resulted in 11 streets being resurfaced. It is possible that the apparent correlation between change in budget allocation procedure and the amount of funding for street resurfacing is a spurious one and that voters simply prioritized projects differently in the first year of the program. Regardless of the cause, such a significant shift suggests the need to examine the budget in different ways. Thus, we first consider just the projects that were voted on by citizens. This excludes street resurfacing projects that were chosen by the Streets Committee. Second, we consider the total amount of funds committed for funded projects, including street resurfacing regardless of the method of determining which streets were repaired. Figures 4 and 5 present a visual comparison of the differences by tract between street and non-street funding.

At first glance what stands out is that 82% of the three-year budget, and 62% of selected projects, went to just six of the eleven census tracts. Of these, one tract (102.02) stands out in project committed funds of \$643,999. The main difference between the top six tracts, all of which received over \$100,000, and the bottom seven tracts is the type of projects that were approved. Projects in the bottom seven tracts were linked on the ballot to projects in at least one of the highly funded tracts, meaning that in order to get bike racks or bike lanes in a highly funded area, bike racks would also be placed in lower funded areas. In fact, bike lanes, which run through multiple tracts connecting the various parts of the 49th Ward, were the most common project in low funded tracts, appearing in six out of seven of them. Bike racks were second most common in low funded tracts, appearing in five out of seven of the lowest funded tracts. Such projects not only benefit those living in the particular neighborhoods, but also those living in other tracts who may ride bikes from another census tract into the lower funded areas.

Highly funded areas, however, also included more narrow projects in discrete locations. For example, building a community garden, a dog park, or a new playground was not linked on ballots to similar projects going into lower funded areas. This is certainly not to say that such installments might not be enjoyed by community members who live outside the census tracts, but simply that they and their location were judged by voters independent of other, reciprocal projects.

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<sup>43</sup>\* Denotes census tracts that are only partially located in the 49th Ward.

Dollars Allocated to Participatory Budget Projects with Discrete Locations  
by tract in Chicago's 49th Ward: 2010-2012

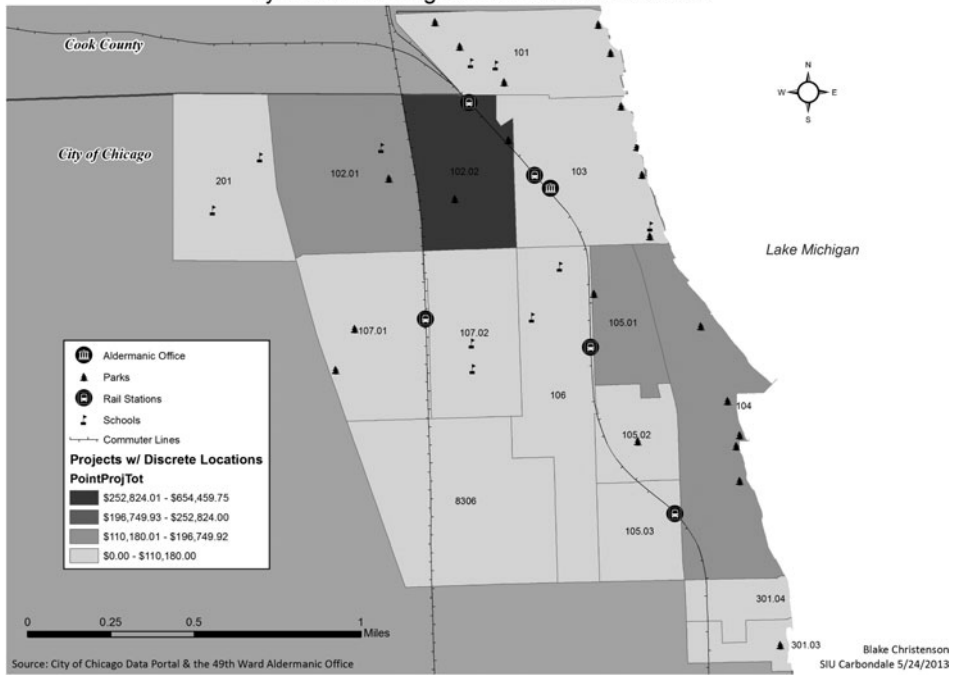


Figure 4. Map of Non-Street Project Funding Level by Census Tract

Dollars Allocated to Participatory Budget Projects  
by tract in Chicago's 49th Ward: 2010-2012

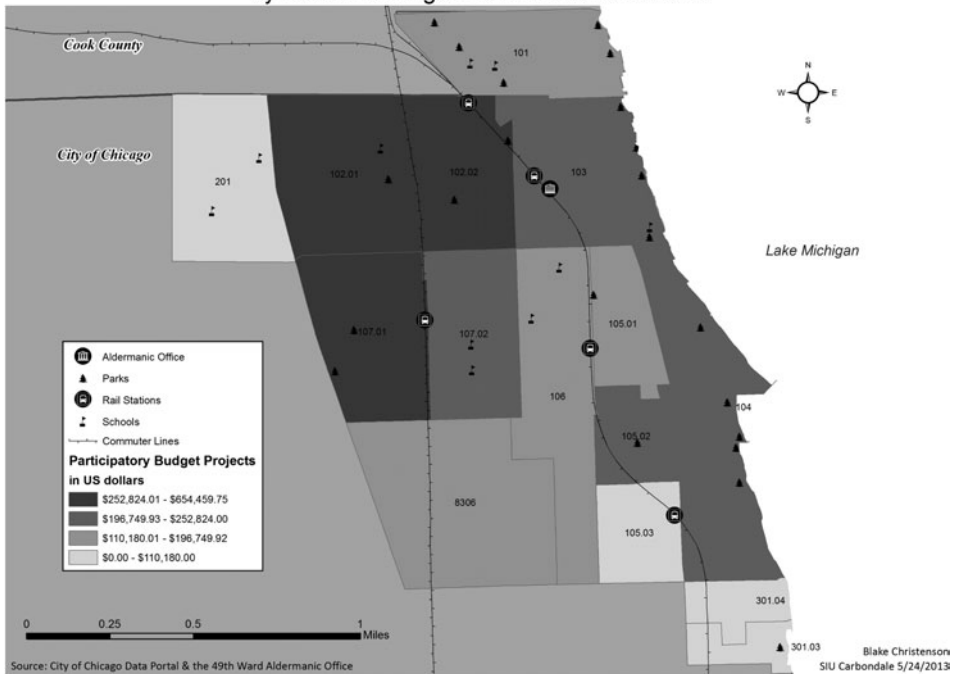


Figure 5. Map of All Project Funding Level by Census Tract

While more basic projects such as bike lanes and sidewalk repairs were placed in both lower and higher funded tracts, projects linked more to increased quality of life were funded primarily in tracts that were better funded overall.

Turning to funding that includes street resurfacing tells a slightly different story. This could be due to the nature of the streets or to the decisions by the Street Resurfacing Committee, but a shuffling in the rank order of census tracts emerges. The most highly funded tract remains, receiving over \$200,000 more than the next highest funded tract. Similarly, the least funded tract also maintains that designation. Between these two extremes substantial shuffling is evident. Now, instead of 82% of the budget, the top six census tracts receive 62.8% of the budget, suggesting increased funding parity. And of the top six tracts in this analysis, half of them were in the bottom six in the first coding scheme.

Substantively, this keeps with the pattern that is evident in the first method of analysis. For the most part, the referendum voting method for distributing street resurfacing funds tends to favor tracts that received the least funding in the non-referendum method. We can see this by comparing maps (Figures 4 and 5). Figure 4 only includes non-street projects. This map shows that select tracts stand out in terms of their funding levels. When street resurfacing (Figure 5) is included, there is more equitable distribution of funds across all tracts in the ward.

Although including referendum voting on street resurfacing has an equalizing effect on the distribution of funds, substantive differences in the



Figure 6. Map of Relative Funding Level by Project Location

types of projects that are funded in different areas persist. Insofar as money is relatively equitably spread throughout the ward, this does not necessarily violate the social justice criterion, and if anything, it may tentatively support it. Spending gaps between tracts are decreased due to an increase in street resurfacing projects in FY 2011 and FY 2012 in which voters chose the proportion of funds and not the particular streets to be resurfaced. When voting on specific projects, substantial gaps in both the types of projects and the funding are evident. In both cases, tracts can be divided into those with more boutique projects, such as dog parks, and those receiving a large portion for more basic projects that are of general benefit to the area, such as street resurfacing or bike paths. This division points to the significant differences in funding by census tract regardless of relative parity of funding in absolute monetary figures. In other words, when we exclude street projects, there is evidence of geographic clustering. It is clear that certain neighborhoods get more discrete projects and are funded at higher levels (Figure 6).

It is also important to examine how projects are distributed in relation to demographic data when we look at racial/ethnic heterogeneity of the 49th Ward's various census tracts.

Demographically speaking, the two tracts that received the highest funds, 102.02 and 102.1, are very diverse. While 102.02 has a plurality of white residents (44%), it also consists of 34% African American and 28% Hispanic. Tract 102.01 is the most diverse in the ward with 36% African American, 32% Hispanic and 36% white. However, the tract with a majority of African Americans, 101, received the tenth most funding. Conversely, the second most funded tract 104, excluding street resurfacing, is majority white and has one of the highest per capita incomes. When taking demographic data into account, there is no clear pattern in which funding matches the demographics of participants. Thus, even though PB participants were overwhelmingly white and affluent, there is no clear pattern toward funding less diverse and more affluent areas.

## VII. Conclusions and Directions for Future Research

This paper had two aims. First, we sought to analyze the types of projects funded by PB in comparison to standard Aldermanic Menu budgeting. Second, we analyzed whether Chicago's PB process met normative outcomes for citizen inclusion, deliberative decision-making, and social justice.<sup>44</sup> The first of these aims contributes to understanding the ways in which citizens chose different priorities and projects than traditional budgeting methods. The second allows us to think about the degree to which this case of PB meets the theoretical norms under which it was developed.

First, when looking at what types of projects were funded and funding levels, citizens in the 49th Ward had a very different set of priorities than those used in standard Aldermanic budgeting. The city as a whole and the three targeted wards allocated the vast majority of funds to roads and safety. While residents in the 49th Ward also dedicated a majority of funds to these "high priority" projects, they also chose a broader range of projects and many that are deemed "low priority" such as community gardens, dog parks, murals, and artistic bike racks. This finding

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<sup>44</sup> See *supra* note 4.

suggests that budgeting priorities traditionally understood as essential may not be felt this way by PB participants. It also suggests that residents wish to broaden the conception of “capital improvement” and the possibilities of governmental spending. A program that is ordinarily used in Chicago for roads and sidewalks can instead be harnessed for beautification and more robust quality of life improvements.

Now let us turn to see whether Chicago’s 49th Ward PB met the normative criteria outlined in the research literature for inclusion, deliberation, and social justice. This PB effort has made some progress toward the realization of our three criteria. Nevertheless, there are still structural and programmatic limitations that undermine full realization of any of them.

The 49th Ward has made specific and identifiable efforts to increase citizen inclusion, partially by understanding “citizen” in ways beyond that term’s normal confines. Their participatory process is intended to include all residents, including non-citizens, of the area over the age of 16. Additionally, efforts were made to increase participation and inclusion by locating meetings and elections throughout the ward and on different days. Finally, holding Spanish-language meetings and providing ballots in that language were designed to increase Latino participation.

And yet from our demographic analysis, it is clear there is still work to be done to guarantee greater participation given that only 2% of the ward participates. When we look at inclusion, there is a stark disparity between the ward’s makeup and that of those who take part in the PB process. As Lerner and Secondo note “49th Ward PB struggled to engage low-income people, people of color, immigrants, and youth.”<sup>45</sup> The most striking of these is racial: though Whites make up only 39% of the ward’s residents, their share of PB participation is 70%. That Blacks and Hispanics, populations which together comprise half the ward’s residents, each account for less than 10% of the PB participants is further evidence that greater inclusion, especially of diverse populations, is a task still underway. If the 49th Ward’s PB process is to be as inclusive as possible, steps must be taken to bring participants’ demographics more fully in line with those of the ward at large. If this is not done, then there is a danger that a program meant to speak for the needs and desires of all residents will instead express those of only a limited, and in many ways privileged, portion.

The 49th Ward PB process incorporates deliberative decision-making in a way that, to this point, few other Chicago wards do. By implementing a participatory process, Alderman Moore has ceded his ability to determine fund allocations by simple fiat. The particulars of this PB process ensure that deliberation and discussion occur both at the project-proposal and project-selection stages. Because of the strictures of municipal bureaucracy, it is less clear that participants are able to continue the conversation and their learning during projects’ implementations. Also, this PB program’s use of representatives to determine project desirability and feasibility risks undermining its broader deliberative spirit. Finally, it is unclear to what degree participants can reconstruct the participatory process of their own initiative and volition: aldermanic staff set the times and rules for voting, and the Aldermanic Menu Program has strong restrictions on what sorts of projects are permissibly funded. If some of these constraints could be slackened or

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<sup>45</sup> Lerner and Secondo, “By the People,” p. 7.



eliminated, the 49th Ward's PB experiment would more fully exemplify deliberative decision-making.

Without a needs-based assessment or quality of life index like that found in the Porto Alegre PB process, the 49th Ward may seem at a disadvantage when it comes to evaluation along the criterion of social justice. In some measure, the dissimilarities between the two situations are substantial enough that this principle takes on a different signification in each. Some residents of Porto Alegre in the early 1990s were without access to basic resources such as electricity and sewers, and social programs such as education and health were direly underfunded. The 49th Ward, on the other hand, is located in the bounds of a major US city and so already has access to substantial public infrastructure and services. Because of this, the baseline concerns of social justice and resource distribution have already been addressed in Chicago. And yet this criterion demands more than only adequate access to municipal services; instead, it demands that the public good is benefitted through programs and projects that help an area's least well off people.

Because of the disparity between population and participation demographics, it might seem reasonable to assume that the location of projects selected in the 49th Ward PB process would skew toward those census tracts with the highest rates of participation or those that most closely match the participation demographics. This is not entirely borne out by our analysis of available data. When considering the distribution of all Menu funds in our years of study, there appears to be a relatively equitable allocation throughout the ward. This equity is surely helped because of street resurfacing occurring in all census tracts. When we limit our analysis to discrete projects, like dog parks and playgrounds, and exclude basic infrastructure development, we find that these are largely limited to a smaller number of tracts. We are unable to determine whether residents of these tracts engaged in PB at especially high rates. Nevertheless, this finding raises a question about the possibilities for and desirability of social justice efforts in a relatively wealthy locale like Chicago's 49th Ward.

If it can be established that after equitable street resurfacing, remaining funds from PB are being narrowly distributed, and *not* in the direction of the ward's least well off residents, then this PB enterprise may be failing the social justice criterion. This is much easier to see in a case like that found in Porto Alegre, where many residents did not have access to basic resources. In the 49th Ward, which is diverse and middle class, relative disparities in quality of life continue. Over the longer term, it is possible that additional discrete projects will be deployed throughout the Ward, further equalizing PB outcomes. Until this occurs, there is a possibility that funds sent to one tract for a community garden come at the expense of another tract's not having sufficient street lighting. Without direct attention to the underlying systemic, structural, and situational inequalities to be found throughout the ward, this PB process cannot adequately respond to the needs of social justice. This is precisely why some of those global PB efforts interested in social justice begin with examination of and resolution of resident needs and baseline wants prior to engaging in spending for luxury projects.

Our most direct suggestion for the future of participatory budgeting, especially in more-affluent populations like that found in the 49th Ward of Chicago, is that all three of the normative criteria may be more easily realized if the structural limitations on the process were weakened or eliminated. Most

importantly, we feel, the Aldermanic Menu Program should no longer require funds to be spent exclusively on capital projects. If the felt, deliberated, and decided needs of a population involve people—say, teachers or community organizers—or programs—such as afterschool childcare—then these should be possible outcomes of the PB process. Another way PB in the 49th Ward could be greatly improved is to dedicate funds for program administration, specifically to bring minority and poor residents into the process. It has been proven that targeted outreach, in addition to providing transportation, childcare, food, and language specific meetings greatly increase minority and poor participation.<sup>46</sup> Moreover, skilled facilitation that prevents the “usual suspects” from dominating meetings is crucial. Having additional aldermanic staff with the task of PB facilitation would likely allow for additional participant recruitment. These are all easy-to-implement structural changes that would strengthen PB as it is now practiced in Chicago.

This essay stands as only an initial foray into the possibilities of research on PB in the 49th Ward. Our use of census data to determine population distribution and demographics does not allow for the fine-grained analysis that might otherwise be possible with additional data about where participants live. We were also limited by the specificity and amount of data collected by Alderman Moore’s office. We recommend additional funds and staff be assigned to promoting, implementing, and evaluating PB. Additionally, while we have carried out an inquiry into one ward’s PB results compared to the results of wards that do not use PB, a broader study might look at differences in outcomes between Chicago’s PB process and those found in other American municipalities such as New York City or Vallejo, CA.

On the qualitative and theoretical sides, more subtle engagement with the successes, challenges, and value of this PB experiment would be possible if interviews were conducted with participants. For example, this would allow more substantial conclusions about participant learning, an important aim of participatory democracy. It would also shed more light on the particulars of Chicago’s PB process. While much may be gleaned from the news reports, aldermanic statements, and ward presentations we referenced in compiling this paper, the specific effects of PB on specific individuals is harder to discern from only these sources.

Participatory budgeting is an exciting possibility for the cultivation of democratic accountability, learning, and quality of life outcomes. In examining the 49th Ward implementation, we were able to see some of the successes as well as some of the dangers of one style of PB. From its early expansion to multiple wards and cities, we expect that PB will grow to be a valuable way in which residents are able to directly involve themselves in the processes, products, and problem-solving of governance throughout the United States.

### **Notes on Contributors**

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<sup>46</sup> Lerner and Secondo, “By the People,” p. 8; Hildreth, “Word and Deed,” p. 314.

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