Participatory Budgeting for Portland

APPROVED BY MEMBERSHIP

A City Club Research Report

CITY CLUB of PORTLAND

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Executive Summary

Your committee recommends that the city of Portland (in the words of a recent *Government Transition Advisory Committee* report) "explore participatory budgeting" by implementing a carefully designed pilot program.

Participatory budgeting is a widespread practice for delegating some municipal spending decisions to residents. Originating in Brazil in the 1980s, participatory budgeting has been adopted for a variety of reasons and in varying circumstances. Some programs are city-wide while others are decentralized to districts/wards or to spending by a particular city bureau. There are many ways to apply participatory budgeting.

The appeal of public participation in municipal budgeting processes is clear. Perhaps no government activity has such immediate impact on residents while at the same time being seen as so challenging, technical, and hard to decipher. Participatory budgeting promises not only to make budgeting transparent and accountable to the public but to put spending decisions directly into the hands of residents.

This report outlines the meaning and history of participatory budgeting (with a focus on discussions here in Portland) and then documents our research into the following topic areas in response to our charge. (An extensive bibliography listing our sources is provided at the end of this report, along with a list of witnesses.)

- We evaluate the experience of more than a dozen other U.S. cities, based on interviews we conducted and on published reports in the popular and the academic press.
- We report on the wide range of variation in how the practice has been used, highlighting U.S. examples but also looking at the widespread international use of participatory budgeting.
- We compile and assess the most common claims made in support of participatory budgeting and the most widely cited arguments against it, information we gathered through interviews with proponents and opponents as well as through an extensive review of published claims and evidence.
- We examine the relevant evidence and provide our conclusions and recommendations in the context of Portland's unique history and circumstances.

We have found supporting evidence that participatory budgeting does provide ordinary residents with power over budgetary decisions where fiscal resources are available. We have also found that it is expensive to administer participatory budgeting initiatives. It is also clear from our research that municipalities that implement participatory budgeting rely on its appealing promise rather than on evidence of its concrete benefits. Independent researchers repeatedly cite the absence of solid evidence for the

effectiveness of participatory budgeting in meeting its goals, starting with the general fuzziness of the stated goals themselves:

> *"PB is sufficiently broad a policy that it can be promoted by very different groups for very different motivations, which goes some way to explaining how it can be apparently successful while there is such great disagreement as to what it is for. PB an easily be 'all things to all people', but lack of clarity and vision in achieving specific goals will inevitably inhibit examinations of its impact."* Rumbul (2018)

We conclude, however, that a well-thought-out exploration of this practice is appropriate for the city of Portland and its residents. A carefully designed pilot program, including clear and measurable goals, would apply the due diligence required to conserve resources and to avoid interfering with the extensive reforms of city government—including the budgeting process—now underway in our city. The best way forward is to explore participatory budgeting in collaboration with residents on a timeline that respects the serious budget challenges now facing the city.

We believe that participatory budgeting could benefit Portland residents if done with forethought, which is why we recommend a pilot project. As a scholar who has studied the practice since its origins and has clearly documented its limitations has said: "An important implication from this work is that it is better for governments to adopt PB than not to adopt PB. In other words, having PB was better than not having it." (Wampler, 2022)

The need for public participation is acute, especially in municipal budgeting; the popularity of the practice testifies to its appeal; and it has the potential to complement the city's current agenda of reforms. We offer our conclusions and recommendations as a starting point for a thorough exploration of what participatory budgeting might do for Portland.

[an Errata sheet listing changes to the report made after members voted appears on page 96]

About this study

The Study Charge

In May of 2024, City Club of Portland charged this committee with producing this research report on the possible future of **Participatory Budgeting** in Portland.

In 2022, the Portland Charter Commission recommended that the City of Portland adopt participatory budgeting. The recommendation was forwarded to the City Council, which did not refer it to the ballot, citing concerns about affordability.

In 2023 and early 2024, an attempt was made by a consortium of advocates to place an initiative on the ballot which would have amended Portland's charter to require a type of participatory budgeting. Although the initiative's sponsors are not currently moving forward with the initiative, it is likely that the concept will be pursued in the future, either by initiative or potentially by action of the newly constituted City Council.

This committee, composed of members with diverse backgrounds, expertise and skills, met for the first time in June 2024 as a ballot-study committee in response to a charge from the Research Board in late May. After the withdrawal of the ballot measure, the Board chose not to abandon the effort but to redirect the committee to produce a comprehensive research study of the potential for participatory budgeting in Portland.

The charge broadened from a review of the proposed ballot measure to a comprehensive study that would give the membership and local leaders a full view of this practice's possible role in Portland's future,

While the original draft charter amendment and the more recent citizen initiative provided a starting point, the committee worked to take a broader and deeper view of participatory budgeting's promise, risks, costs, variations, and potential "fit" in Portland today. We discovered that this practice is a civic engagement tool with a long history around the world, the lessons from which can help Portland make a sound decision about whether to adopt and use it and about the most promising ways to do so.

This report was developed by the committee with the following assumptions in mind:

- Participatory Budgeting exists in many forms, with variations in goals, structure, process, outcomes, and implementation strategies.
- The recent related proposals in Portland, from the charter commission and from a citizen initiative, do not describe the only way or necessarily the best way for this practice to be used here.
- If it is to be used in Portland, a participatory budgeting program should be adapted to the city's unique history and circumstances.
- The experience of other U.S. cities constitutes a rich source of useful information.

- Advocates and opponents of this practice, locally and across the nation, are speaking and acting in good faith.
- Evolving adjustments to the structure of city government and ongoing reforms of the city budget process affect the prospects for adoption and must be accommodated.
- The options for this committee are: (1) to recommend a participatory budgeting program unreservedly; (2) to recommend it only under certain conditions and with suggested guidelines or best practices; or (3) not to recommend it.

This study addresses the following three sets of questions:

(i) PURPOSE AND GOALS: *What would be the purposes or goals of Participatory Budgeting in Portland? What problems is it intended to solve, and in what ways is it intended to make Portland better? What would be the potential risks or downsides?*

(ii) STRUCTURE AND PROCESS *If Participatory Budgeting were to be adopted, how should it be structured and implemented to best achieve those purposes or goals, consistent with achieving the City's other key goals and priorities? How can the risks or downsides best be avoided?*

(iii) RECOMMENDATION: *Should Portland adopt Participatory Budgeting? Under what conditions, and within what guidelines? How should the nature of a PB program in Portland be determined, and by whom?*

Methodology

Over a six-month period, committee members interviewed witnesses of three kinds: (a) representatives of other U.S. cities where participatory budgeting has been used; (b) advocates and opponents, in Portland and elsewhere; and (c) members of the Portland city budgeting staff and others in leadership positions, now and in the recent past.

Around two dozen witnesses spoke with the committee. A complete list of witnesses is at the end of this report. Committee members also reviewed relevant reports, research studies, published testimony, and news items. We assembled data from multiple sources to better understand the nature of participatory budgeting as a tool for civic engagement and other benefits and, more important, its potential in Portland. The attached bibliography lists both works cited in this report and publications consulted as we developed a thorough understanding of the issues related to the use of participatory budgeting in our city.

After a thorough review of the evidence and witness testimony, the committee deliberated and reached the conclusions and recommendations contained in this report.

Structure of this Report

This research report describes the practice of participatory budgeting in a Background section and then moves to a report of the committee's Findings related to the experiences of a selection of U.S. cities, the variations in how the practice is applied and implemented, the claims that are made for its benefits, and the limitations and downsides that have been reported by independent practitioners, scholars, and others who have studied it over many years, all in the context of participatory budgeting's potential for successful use in Portland.

The committee's evaluation of these facts, including our assessment of the evidence behind both the claimed benefits and the cited limitations and risks, is contained in the Discussion/Analysis chapter. This lays out several key issues of critical importance to Portland as participatory budgeting is and has been proposed and discussed.

Finally, we list our Conclusions from this study and then offer as Recommendations a general approach and an initial framework for action by the city and its residents.

Background

To understand the potential impact of a participatory budgeting program in Portland, we define the practice here and outline its popularity and spread since its origins. Then we provide a brief history of how this practice has been under discussion in Portland over the past 15 years, including a short description of two recent local applications of participatory budgeting. Finally, we summarize reforms to the budgeting process that are underway in connection with the Charter Commission's changes to city government—reforms that any planned use of participatory budgeting should accommodate.

What is Participatory Budgeting?

Participatory budgeting refers to any democratic process that gives residents the authority to decide how to spend public funds.

There is no "official" or legal definition of participatory budgeting. It is widely and diversely applied across different jurisdictions in ways that may not look alike. Based on its varied 40-year history, any program with these two characteristics can be called "participatory budgeting":

1. The money spent is "public"—the product of government action.
2. Ordinary members of the community, not their elected representatives, decide how to spend this money. Their decisions are final and binding and are implemented.

Members of a community are authorized to make the type of decisions that are traditionally reserved for elected authorities and their subordinates. This binding decision-making authority distinguishes it from other practices for public participation in budgeting, like advisory groups and public forums. It is an alternative to our customary electoral democracy: a form of direct democracy.

In this report, the focus is on the use of participatory budgeting by municipal governments. However, it has also been used in other contexts. Here in Portland, a youth-oriented program and a Metro grants program (both described later in this report) have employed participatory practices that meet the basic definition of participatory budgeting offered above. Both used public funds that are not part of a municipal budget.

Public high schools (in New York City, Phoenix AZ, and elsewhere) and other non-governmental organizations have been using participatory budgeting to foster civic engagement and collective decision making. An anti-poverty initiative in Rochester NY worked with a local land trust to use the process in 2018. The Toronto ON Community

Housing Authority has used it since 2002, and at least one tech company is experimenting with it to manage its portfolio. [1]

Despite these differences, in every recognized application of participatory budgeting participating residents are authorized by a government to make binding financial decisions, decisions that the government agrees in advance to implement, subject only to any restrictions specified by state law or other overriding authority.

Here are a few more formal definitions of participatory budgeting—some brief, some more elaborate—from a variety of sources:

> *Participatory budgeting (PB) is a democratic process in which community members decide how to spend part of a public budget. It gives people real power over real money*. The Participatory Budgeting Project
>
> *Participatory Budgeting is a 1) replicable decision-making process whereby citizens 2) deliberate[2] publicly over the distribution of 3) limited public resources that are instituted*. Russon Gilman, Hollie (2012)
>
> *The basic principles behind participatory budgeting are that ordinary citizens are mobilized into local meetings in which they receive information about the municipal budget, they propose policy projects, they deliberate over policy projects, and they finally vote on which projects should enter the yearly budget. The municipal executive is heavily involved at each stage of the process, including the implementation phase, which is either done by municipal agencies or outsourced to private companies selected through a competitive bidding process*. Wampler, Brian (2012)
>
> *Participatory budgeting is a democratic innovation where citizens directly engage in making collective decisions about how to allocate public budgets, capital investment and grants. This approach includes a wide variety of mechanisms for public participation in the budgetary process, ranging from advanced consultations to specific types of direct democracy*. Kotanidis (2024)

Since its origin in Brazil in the late 1980s, governments across the globe have adopted this practice for a variety of reasons and in varying circumstances; some programs are centered at the city level, while others are decentralized to districts/wards or to spending by a particular city bureau or department.

In most cases, participatory budgeting has been used opportunistically or strategically; that is, leadership in a district, ward, or other entity simply picks up the practice as a useful tool and implements it without any formal adoption step or authorization. (This is how it was first taken up in one Chicago ward in 2009, its first U.S. use.) In fewer cases, a participatory budgeting program is institutionalized in a municipal charter or by ordinance

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[1] See Stacy et al. (2022) and *Scaled Agile Framework* (2023).

[2] The author's use of the verb "deliberate" here implies discussion and dialogue; most U.S. programs instead use voting by secret ballot.

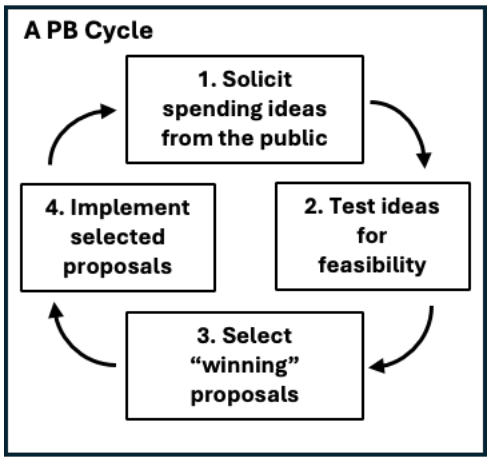
through a formal adoption step—a necessity when the city's general fund is tapped for its use.

A formal participatory budgeting program adds several steps to support decision-making by members of the community. The community must in some way:

1. Identify and/or secure a source of funds to be allocated for community members to spend;
2. Design a process through which residents submit suggestions for spending;
3. Develop a structure for government and residents—in collaboration—to test these ideas for feasibility;
4. Hold an election or other process by which residents select "winning projects" from among those that are viable; and
5. Implement the winning projects that result from the residents' binding spending decisions.

A continuing or time-limited program that includes these formal steps is the most common incarnation of participatory budgeting around the world. In this report we refer to such a program as Participatory Budgeting, capitalized and abbreviated as "PB."

If a source of funds continues to be available, a "PB Cycle" of idea generation through implementation repeats, usually on a yearly or biennial schedule. (See Appendix B for detailed examples of PB Cycles from several cities.)



When a municipality institutionalizes a continuing PB program—whether city-wide or at a district level—additional preparation and planning steps become necessary. Preparation for a sustained PB program is usually done in collaboration with community groups (New York City's successful program engaged nearly 100 community groups) and includes:

- Determining a reliable and ongoing source of funds and securing that funding,
- Developing a detailed plan for initiating and sustaining the process, and
- Reaching out to community members to educate them about PB.

After the up-front planning and preparation, the municipality begins a repeated cycle of PB activities: idea generation, feasibility assessment, voting to select projects, and implementation. The type and scope of evaluation varies widely. Many programs simply seek affirmation that the program satisfies participants, while a few others secure independent third-party evaluations.

The Origins and Spread of Participatory Budgeting

Beginnings in Brazil, 1989

After a military dictatorship in Brazil was replaced by a democratic government in 1989, Participatory Budgeting was an initiative by the newly elected Workers' Party to involve citizens directly in local budget decisions and showcase their governing approach. Their new tax policy produced a windfall of revenue, and PB spread rapidly across Brazil—particularly in larger cities—reaching about 140 municipalities by 2004. Despite its initial success and international recognition, the use of PB has declined in Brazil since the mid-2000s and its prominence has diminished considerably. Tighter local budgets, reduced investment capacity, and the eventual defeat of the Workers' Party contributed to this decline. Recent changes in the country's leadership have sparked hope for a potential revival. [3]

Worldwide spread

The *Participatory Budgeting World Atlas*[4] cites nearly 11,000 instances of PB use in 7,000 locations around the world, a share of these by schools, commissions, or other non-governmental institutions. (In the absence of a universal operational definition of PB, some question whether all these programs fit the models described in this report. [5] See Appendix A for a list of differences between how PB has developed internationally and how it is typically implemented in U.S. cities.)

At least eight Latin American nations other than Brazil have adopted or mandated the use of PB. The African nations of Congo (DRC), Kenya, Mozambique, South Africa, and Tanzania are using PB, as are India and Indonesia in Asia. In Europe, Paris and Madrid have committed 100 million euros to be allocated through PB, and many other EU locations have active programs. Scotland and Wales in the UK have well-developed PB processes. [6]

In the U.S.

The first instance of PB in the U.S. occurred in Chicago's 49th Ward in 2009. Alderman Joe Moore responded to community demands for increased transparency and involvement by allocating $1.3 million of his discretionary funds to be spent by the residents of his ward. This experiment in Chicago attracted 1,427 voters (2.5% of the population of his ward) and generated significant interest among residents. Following Chicago's lead, several other U.S. cities began implementing participatory budgeting processes, including New York City, San Francisco, and several smaller cities. The *Participatory Budgeting Project* (PBP), a non-profit founded in New York by Josh Lerner to bring the PB experience of Brazil to the

[3] de Paiva Bezerra (2022).

[4] Dias (2019).

[5] Pateman (2012).

[6] Brian Wampler et al. (2017).

U.S., played an active role in the early spread of PB in the U.S. and continues to be its most influential advocate. By 2024, PB was being used in over 100 U.S. cities and institutions.[7]

Participatory Budgeting in Portland

A Brief History and Overview

Politicians, activists, and community groups first discussed the possibility of bringing participatory budgeting to Portland in the wake of the 2008 economic depression. One of the city's first PB proposals came from the grassroots movement *Occupy Portland*, which drafted and circulated a "People's Budget" that included PB.

While major West Coast cities have piloted PB programs, so far only one Oregon state-funded PB initiative aimed at East Portland youth has come to fruition. The following timeline lays out, with dates and "headlines," some of the advances and setbacks that PB proponents have encountered over the past 15 years.

Note: Much of this timeline is adapted from a detailed chronology compiled by Participatory Budgeting Oregon, an advocacy group. As much as possible, the committee has independently verified these events through published articles and other information sources.

Participatory Budgeting in Portland: Dates and Headlines

2009–17: Portland flirts with the idea of PB

As the country slowly emerges from the economic depression of 2008, activists and policymakers around the U.S. begin talking about participatory budgeting. Sam Adams's mayoral administration floats the idea of using PB with transportation projects, and in 2016, Ted Wheeler mentions PB in his mayoral bid. In 2017, city Commissioner Amanda Fritz gathers support from fellow Portland City Council members to dedicate a small portion of Cannabis Tax revenue to a limited PB process. However, the proposal does not make it out of the initial approval stage.

2018–20: A PB forum sparks interest

In 2018, *Participatory Budgeting Oregon* and *Healthy Democracy*, two advocacy groups, hold a forum titled "Bringing Participatory Budgeting to the Portland Region" in East Portland. Politicians and community members alike attend the event, which is covered by local media outlets. Over the next several years, several supporters speak before the Portland City Council about the possible benefits of PB in our city.

[7] Tian (2013).

2019–21: Two out of three PB proposals fail to advance

Concrete proposals begin to emerge. In 2019, Metro voters approve a new Parks & Nature Bond that calls for funding $32 million worth of projects through PB, aimed at improved access, trail restoration, energy efficient lighting, and other projects.

In the summer of 2020, the city council adopts a budget amendment, proposed by Commissioner Jo Ann Hardesty, to dedicate $1 million a year to participatory budgeting around services for Portlanders experiencing homelessness. In Hardesty's proposal, houseless Portlanders would play an active role in proposing and voting for programs.

Three earlier PB proposals in Portland:

- Metro's Parks and Nature Bond (2019)
- $1 million/year city budget amendment for services addressing homelessness (2020)
- *Reimagine Oregon:* $1.5 million in city funds to address racial equity

Several months later, Mayor Wheeler secures an additional $1.5 million for *Reimagine Oregon*, a community advocacy group dedicated to racial equity, to use for participatory budgeting.

Of these three programs, only the Metro Parks & Nature Bond proceeds to make full use of PB, with a sophisticated plan that leads to the approval of 15 projects in the fall of 2023. (A map of their PB cycle appears in Appendix B, and a brief summary of this program appears below.) The Portland city funds are later reabsorbed back into the budget.

***2021–23: PB for* Youth Voice, Youth Vote**

State Senators Kayse Jama and Chris Gorsek, along with State Representative Ricki Ruiz, allocate $690,000 from Oregon's share of the one-time American Rescue Plan Act's (ARPA) COVID-19 recovery funds to the *Youth Voice, Youth Vote* Participatory Budgeting Project. The project recruits East Portland youth to propose and vote on $500,000 worth of projects, meeting in a series of assemblies or voting online. State and local governments decide not to fund the project for a second year. Reasons include the end of federal COVID-19 relief funds, competing priorities, and constraints on government budgets. See below for a more detailed description of *Youth Voice, Youth Vote*. [8]

2022–23: Portland considers adding PB to the City Charter

From 2020 to 2022, an independent Charter Commission (20 volunteers selected by City Council) researches and proposes major reforms to Portland's City Charter, which voters approve in November 2022. During phase II of the commission's work, it is tasked with proposing a series of smaller charter amendments.

[8] Jacobson (2024).

In June 2022, the commission announces it is considering adding a participatory budgeting amendment. *Participatory Budgeting Oregon* submits a proposal to the charter commission for an amendment that would permanently fund PB in the city charter. As worded:
To further public engagement and democratic involvement in city spending, the City must create by ordinance a Participatory Budgeting Program open to all residents, consistent with the Oregon Local Budget Law. Annual funding for the Program must be no less than 1% of the City's General Fund discretionary ongoing resources, and the public's funding allocation decisions must be binding. The Program must begin operating no later than July 2026.

Representatives from several community groups as well as *Youth Voice, Youth Vote* participants testify before the commission. However, the PB proposal does not garner enough support from commission members to add to the 2024 ballot, losing by just one vote. Mayor Wheeler and the Portland City Council subsequently decide not to take up the proposal. Concerns focused on the assertion that 90% of the city budget is already accounted for, and that the remaining 10%, though technically discretionary, is (according to the mayor's proposed 2024 budget statement) "already committed to existing, ongoing work like police, fire, 911 emergency response services as well as daily operations of parks and recreation services." [9]

2023–2024: A PB ballot initiative is proposed—then postponed

In late 2023, *Community Budgeting for All* petitions to add an initiative to the November 2024 ballot that essentially replicates its proposed PB charter amendment. A signature-gathering campaign supported by an alliance of several advocacy groups launches in January 2024. However, in May 2024, the organization suspends its efforts and pledges to try again in 2026.

2024–2025: The Government Transition Advisory Committee recommend exploring PB; New city council is divided on the issue

In its final report (May 2024) The Government Transition Advisory Committee (GTAC) recommends that the city "explore participatory budgeting" among other reforms to the budgeting process. [10] A City Club poll of the members of the new city council after the fall 2024 election shows the 12 members to be divided between strong support for PB and serious concerns about its adoption.

[9] Ibid.

[10] The Government Transition Advisory Committee (2024).

Youth Voice, Youth Vote: A Recent Example of PB in Portland

Youth Voice, Youth Vote, a local participatory budgeting project and the first in the state of Oregon, deserves special mention. Under the leadership of State Senators Jama and Gorsek and State Representative Ruiz, this program began in 2022. Sponsored by *Participatory Budgeting Oregon* (PBO), a local advocacy group, the project aimed to involve youth in making decisions about how and where to distribute federal COVID-19 relief funds.[11]

Targeted for participation were youth ages 13–25 who "live, play, pray, or go to school" within a designated project area, which included East Portland, East Multnomah County, and portions of North Clackamas County, spanning seven school districts. Their task was to allocate $500,000 in American Rescue Plan Act (ARPA) funds.

The PB process was designed by a twelve-member, all-youth Steering Committee and aimed to engage at least 5,000 young people over two year-long PB cycles. Several state legislators committed ARPA funds to this effort. At the conclusion of the first cycle, around 800 youth voted to fund five projects, each of which received $100K for implementation:

- A job resource fair
- A paid two-week program for youth artists
- Paid internships for youth
- Expansion of access to menstrual and hygiene products
- Improved connections to rental and housing assistance

The most recent published reports indicate that these projects are currently in the implementation phase.[11]

Unlike recent proposals for city-wide PB in Portland, this project aimed at a specific population using a one-time source of funds. The project has so far failed to find a continuing source of funding, and the planned second cycle has apparently not taken place. Nevertheless, news reports cite testimony about the positive impact on engagement among the targeted groups.[12]

Metro's *Nature in Neighborhoods* Community Choice Grants

A 2019 Parks and Natural Areas bond measure for capital grants led to a "participatory process designed by a committee of community members in collaboration with Metro staff to facilitate a capital grant program for community-led project ideas."[13] Using PB, projects

[11] See *Participatory Budgeting Oregon*'s report on this program here.

[12] Jacobson (2024).

[13] Oregon Metro (2023).

would be identified that support historically marginalized groups, protect water quality and habitat, build climate resilience, and enhance residents' experience with nature in the community. The cost of such projects would range from $10,000 to $250,000 each and a total of $4 million would be available.

The bond issue determined that the grants program would use a "participatory grantmaking" approach. This re-casts the basic processes of PB for use by philanthropists and other sources of grant funding as they ask the communities they serve to exercise decision-making power about funding. The basic steps in the PB cycle are used. (A detailed map of their PB cycle appears in Appendix B.)

The first round in 2023 distributed $2 million in spending, directed toward Metro District 4. A second round, at the same funding level but aimed at District 2, will run from early 2025 to early 2026. In late 2024, this innovative PB program received a Core Values Award from the *International Association for Public Participation* for its success in "putting community members in the lead to imagine, design, and choose parks and nature projects through a participatory process." [14]

Pending Reforms of the Budgeting Process in Portland

The year 2024 was a pivotal year in the restructuring of city government in Portland, because of recent charter revisions. The implementation of those reforms will play out over several years. While this committee was engaged in its research, the independent Government Transition Advisory Committee (GTAC)—after 18 months of work—completed and published its final recommendations concerning the upcoming transition, including a list of recommendations specifically aimed at budgeting processes and a look at PB. [15]

One recommended revision to the budgeting process was to:

> *"Explore the potential of increasing community engagement via participatory budgeting."*

The other recommended reforms to the budget process include:

- An earlier start for public input into budgeting and more diversified input methods
- Increased open and honest communication with the public, with feedback loops
- Communication tools to build public understanding of the budget process

[14] https://www.oregonmetro.gov/news/community-choice-grants-program-receives-award

[15] GTAC (2024).

- A series of district-wide budget townhall meetings
- Improved relationships with community organizations, with special attention to groups historically left out
- Replacing existing advisory committees with service-area committees and considering a city-wide Community Budget Advisory Board
- Centralizing community engagement re: budgeting within the City Administrator's office
- Implementing the findings of a third-party report from *Equilibrium Collaborative LLC* on transitioning to new budget process

Summary

Based on this background, the committee set out to discover:

1. Where and how PB has been used, especially in U.S. cities, and to what degree it has met its stated goals;
2. What variations and options are used in its applications;
3. What claims are being made for its benefits; and
4. What opposing arguments are frequently cited.

Our objective summary of what we found is in the following section, "Findings." After that we offer our interpretation and assessment of what we found under "Discussion/Analysis" and then present our Conclusions and final Recommendations.

Findings

Our goal in this section of the report is to summarize, fairly and objectively, the results of our research into how PB is currently being used in the U.S.

We studied a selection of U.S. cities that have implemented PB and compiled a list of variations and adaptations they made in their programs. We also sought out and documented the positive claims made about the impact of PB. To balance this data, we also delved into the most commonly cited limitations of the practice and noted the downsides and risks that have been reported.

We have deferred our interpretation of these findings and our assessment of the evidence that lies behind them to the next section of this report, "Discussion/Analysis."

The status of PB in the U.S.

The experience of selected U.S. municipalities

Over the past two decades, roughly 100 U.S. cities and municipalities have used PB in a variety of ways and for a variety of reasons. We chose the following cities for analysis to study a legitimate cross-section of U.S. PB programs. Our initial interview list when we launched this study took advantage of a comprehensive and independent review by *The Brennan Center* in 2022. Our findings are drawn from the interviews we conducted (see Witness List, page 94), from publicly available sources, and from internet postings by these cities.

- Chicago, IL
- Durham, NC
- Greensboro, NC
- Hamilton, Ontario
- Long Beach, CA
- New York, NY (district level and city-wide)
- Nashville TN
- Providence, RI
- San Francisco, CA
- San Jose, CA
- Seattle, WA
- Toronto, Ontario
- Vallejo, CA

What we discovered about these municipalities' experience with PB is summarized below. The name of each city is linked to online sources for each.

Sustained programs:

These cities represent those that appear to have figured out how to start and then continue a productive PB program. Chicago and New York City are widely recognized for their sustained PB programs. In both cases, PB started at the district/ward level. In New York City, several years of district-level experience with PB led to an institutionalized city-wide program in 2018. Four other municipalities we studied have continuing district-level PB programs.

CHICAGO, ILLINOIS:

First recorded use in the U.S. (2009) by a single alderman using funds previously allocated to him as discretionary. Continues as of 2024. Evaluated by the city against a set of key metrics.

Scope	Funds available	Population	Voters	Participation[16]
Ward-level capital projects	$1.5 million per ward	2.6 million (city) 60K (ward)	1,300–1,500	2–2.5%
Typical results: Street and transportation improvements, community spaces, tree planting, many others				

DURHAM, NORTH CAROLINA:

Initiated in 2018; the second cycle (2020–2021) focused on distributing federal funds in relief of COVID-19 through a grants program. Cycle 3 completion is underway. Third-party evaluation by local university.

Scope	Funds available	Population	Voters	Participation
Divided across three wards equally	$2.4 million (2018) $1 million (2021) $2.4 million (2023)	290,000	10,000 (2018) 12,196 (2023)	3.5% 4.2%
Typical results: LGBTQ Youth Center, public art installations, Little League funding, projectors for schools				

LONG BEACH, CALIFORNIA:

Successful pilot projects in 2014–15 led to a city-wide program aimed at census outreach and language access services in 2019–20. The second cycle of a youth-focused PB program is underway at this time. Data below apply to the initial pilots.

Scope	Funds available	Population	Voters	Participation
District-level	$300,000	50,000	2,700	5.4%
Typical results: Language access services, census outreach efforts, a summer camp for youth, art programs				

NEW YORK CITY, NEW YORK:

Starting in 2011, some individual council members have each used PB to distribute $2 million in discretionary funds. By 2021, 33 of 51 districts were involved. In 2018 a

[16] Participation is either as reported by the city or calculated from available data. These should be considered estimates only.

referendum mandated a city-wide PB program, which continues alongside the district-level programs. Notably, the city collaborates deeply with 80–100 community partners in supporting PB.

Scope	Funds available	Population	Voters	Participation
District City	$2 million $5 million (2023)	154,000 8.3 million	Varies	2% on average
Typical results: Technology upgrades at schools, tree planting & sidewalk improvements, an outdoor adult fitness area, financial literacy classes, parenting education, and many more				

SAN FRANCISCO, CALIFORNIA:

Interest by the mayor as early as 2011 led to a first formal PB project in District 7 (2013). Four other districts have used PB since. In 2022, a large-scale $4 million PB program addressed historic needs in the Tenderloin district. District-level PB programs continue.

Scope	Funds available	Population	Voters	Participation
District-level	$100,000 (2013) $4 million (2022) $800,000 (2023)	71,000 (District 7)	1,300 (2022)	1.8%
Typical results: Neighborhood beautification, disaster preparedness, and accessibility improvements				

SAN JOSE, CALIFORNIA:

One district piloted PB in 2015–16 and others followed suit through 2020. PB was used to distribute COVID-19 relief funds in 2020, and increasing familiarity with the process has expanded PB use at the district level.

Scope	Funds available	Population	Voters	Participation
District-level	$100,000 (c. 2016) $250,000 (2024)	80,000 (district)	500 in the initial pilot	<1%
Typical results: Public lighting, community art installations, and technology grants for local schools				

Struggling programs:

The following cities, among others, have run up against problems or concerns that delayed or halted progress. These programs were expected to continue but did not or have done so sporadically. In Hamilton and Greensboro, PB programs are on hold. In Nashville and Seattle, the programs continue but have faced questions and delays. Vallejo's initially exemplary program is still cited as a success story, but—possibly as a result of the intense scrutiny it has received—chronic concerns about conflict and lack of trust between elected officials and the PB program continue to be raised.

GREENSBORO, NORTH CAROLINA:

Begun in 2014 as a district-level program with modest funding. After three successful cycles the program was suspended by the city in the face of competing priorities and budgetary constraints. This left 20+ voter-approved projects

unfunded. The program continues to be under review. Evaluation has been limited to participant feedback and internal assessments.

Scope	Funds available	Population	Voters	Participation
Divided across the five city districts	$500,000	287,000	1,100 (2016) 1,200 (2017) 4,000 (2020)	0.4%–1,4%
Typical results: Bus shelters and playground renovations, solar charging stations, crossing safety				

HAMILTON, ONTARIO:

After a 2013 start-up, a second cycle ran into tensions between elected officials and the PB program. Officials asserted control and tampered with the process; several approved projects were never completed. The program was shelved after the second cycle. Current attempts to revive the program have yielded an innovative *Budget Simulator Tool* that allows residents to visualize the impact of trade-offs when working with limited city budgets.

Scope	Funds available	Population	Voters	Participation
One of 15 districts; infrastructure	$1 million	29,000 (ward)	500–1000 (cycle 1) 1675 (cycle 2; may include participants other than voters)	1.7%–3.4% 5.7%
Typical results: Trail access, solar-powered trash compactors, church hall kitchen equipment				

NASHVILLE, TENNESSEE:

In 2021–22, the mayor dedicated $2 million for PB in several neighborhoods. In late 2022, the city committed to a city-wide PB program to distribute $10 million in federal COVID-19 relief funds. Winning projects were scheduled for implementation in 2024. The program is currently under review after expressed concerns about the total workload and the equitable distribution of funds.

Scope	Funds available	Population	Voters	Participation
City-wide infrastructure	$2–10 million	693,000	13,121 (2023)	1.8%
Typical results: Park improvements, traffic calming measures, enhancements to library resources				

SEATTLE, WASHINGTON:

In 2015 a PB program *Youth Voice, Youth Choice* aimed at engaging youth aged 11 to 25. This program allocated $700,000 for projects proposed by young residents. Two years later PB was used to distribute $2 million for parks and street repair, and in 2018–19 a PB program distributed $3 million for infrastructure projects. Between 2020 and 2024, plans developed to allocate nearly $30 million to social justice initiatives through PB; after some delays, projects were set to be approved by city council as this report is being written. While the Seattle program is successful by most measures, it has been afflicted with delays and concerns about costly and flawed execution.

Scope	Funds available	Population	Voters	Participation

City-wide one-time projects	$700,000 (2015) $2 million (2017) $27 million (2023)	750,000	6,500 (2019)	<1%
Typical results: Housing access, public safety enhancements, mental health support, and food equity				

VALLEJO, CALIFORNIA:

In 2012, Vallejo became the first U.S. city to initiate a city-wide PB process, distributing a share of funds from a new one-percent income tax. The next two PB cycles allocated a total of $8.3 million. The eighth cycle is now underway. Studies of Vallejo's experience reveal lingering tensions between entrenched political forces and direct public participation.

Scope	Funds available	Population	Voters	Participation
City-wide non-capital projects	$3.2 million (2013)	135,000	3,600–5,000	3%–4%
Typical results: Community gardens, small business grants, senior center improvements, potholes & street repair				

Special cases:

Two locations we encountered offer examples of alternate uses of PB in special circumstances. Rhode Island adopted PB as a tool to allocate Medicaid funding. And Toronto has used PB from a very early date—possibly the first use in North America—to make spending decisions about housing initiatives.

PROVIDENCE, RHODE ISLAND:

A specialized use of PB (2022) to disburse $1.5 million in Medicaid funds to support improved health outcomes for residents. In collaboration with local health-oriented community organizations and evaluated by public health agencies.

Scope	Funds available	Population	Voters	Participation
Two designated Health Equity Zones	$1.4 million	80,000 (both zones)	1200	1.5%
Typical results: Renovated playground, outdoor gym, anti-stigma campaign				

TORONTO, ONTARIO:

A pilot program in three wards (2015) started strong but participation declined in years two and three. For 15 years, starting in 2002, Toronto Community Housing used PB to finance improvements in housing but paused the program for re-assessment in 2017. As of 2023, there has been a revival of participatory budgeting initiatives under various city councilors and some consideration of a city-wide program.

Scope	Funds available	Population	Voters	Participation
District/ward	$150,000–$250,000	2.8 million (city) 110,000–120,000 (wards)	1700 (pilot)	c. 1%

Typical results: lighting improvements in parks, the construction of a bicycle locker, and accessibility improvements

Other notable programs:

The following cities have PB programs that intrigued the committee but did not warrant further study at this time.

BOSTON, MASSACHUSETTS:

Boston was the first city to use PB with a focus on youth (2014–present), a trend that has been followed by Seattle (2015) and Portland (see Background for an outline of the 2022 *Youth Voice, Youth Vote* PB program). In mid-2024, the city initiated a city-wide PB program that places an emphasis on drawing historically under-engaged residents into the budgeting process. Many PB programs cite equity as a goal; along with Seattle's, Boston's program appears to have an unusually strong commitment to this goal. The initiative was triggered by a 2021 ballot measure.

GRAND RAPIDS, MICHIGAN:

In Grand Rapids, an initial round of PB to distribute one-time COVID-19 relief funds evolved into a continuing district-level program. Making this transition successfully has been rare among U.S. cities. Our attention was drawn to the program's unusually well-designed online presence (linked above) that could serve as a model.

SACRAMENTO, CALIFORNIA:

This program was one of only a few that secured a robust third-party evaluation of its initial experience with PB. The resulting 57-page report from 2023 provides a well-crafted critical history of this city's use of PB and the lessons learned from their experience. (Link provided above.)

Variations in the use of PB

We've taken the raw data obtained from our interviews with other cities and from published sources and used it to develop a list of variations in how PB is used around the U.S. Further details about the programs below can be found in Appendix D. These represent a table of alternatives that can be considered in any future proposal for PB use in Portland.

Variations in the source of funds

Sources are either one-time or continuing. Some sources pre-date a PB program; in other words, PB is a way to spend funds previously allocated. PB tends to use "discretionary" funds, although how that term is understood varies.

Alternatives:

- ***Special funding*** from government entities or some other major grant. Several programs in the U.S. began with COVID-19 relief funds. A few programs use Tax Increment Financing (TIF) or Community Development Block Grant (CDBG) funds.
- ***Institutionalized funding*** carved-out from an existing source (e.g., the city's annual discretionary budget).
- ***Targeted funding*** already dedicated to some existing group of people (e.g., an underserved population); some specified public service (e.g., parks, schools, street repair); or some administrative entity (a political district/ward or geographic neighborhood).
- ***Municipal bonds*** usually in the form of funding to support capital projects that are addressed through PB.

Variations in how funds are directed

Funds can be directed at PB use all across a municipality at one time. More commonly in the U.S., PB is used in more limited or targeted ways. The following four categories can combine or overlap, e.g., a parks program for one district, or city-wide spending on transportation for an under-served population.

Alternatives:

- PB is used to distribute funds across the municipality.
- PB is used to allocate funds dedicated to one or more geographic divisions of the city, such as districts or neighborhoods.
- PB is used in connection with a particular city service or bureau, such as parks, streets, or other infrastructure.
- PB is used to benefit a selected population, such as a school/youth group or a disadvantaged population.

Variations in the type and scope of outreach to community

Educating the community about the program and engaging people in the process are critical steps that can be accomplished in several different ways, depending on the scope of the program. Again, these methods can combine or overlap.

Alternatives:

- The city government (or a subsidiary department/bureau) manages outreach and education.
- District council offices provide most or all communications.
- Existing community organizations with city affiliation, such as neighborhood associations and coalitions, are the source of education and outreach.
- Community groups, non-profits, NGOs undertake outreach activities in collaboration with municipal government.
- Outreach activities are delegated to advocacy groups or other qualified partners under contract.

Variations in the type of projects supported

Projects funded through PB are of two types: capital/infrastructure and programs/services, usually ongoing. Most PB programs limit projects to one or the other. There are a few PB programs that restrict projects to a very specific type, as the health improvement project in Rhode Island, the Metro *Nature in Neighborhoods* grant program, and the long-term housing improvement program in Toronto—all described above.

Alternatives:

- Capital-only projects that have up-front costs and long-term benefits and are also highly visible to residents.
- Programmatic projects (starting a new service or establishing an ongoing resource for residents) that are popular, are less expensive to initiate, and have immediate benefits, but may require ongoing funding after a PB cycle is completed.

Variations in who can propose ideas/projects and by what means

This is typically a process that is open to all residents within the scope of the program. There are variations in how ideas are submitted:

Alternatives:

- Residents, via assemblies where facilitated brainstorming produces a list of candidate projects. The assembly includes orientation and education components that prepare participants to suggest viable projects.

- Residents individually, through a submission process that may include an online portal.

Variations in assessing project feasibility and estimating cost

Not all ideas residents suggest are feasible. In most programs, city staff work with residents to appraise suggestions, determine their costs, and turn them into viable proposals. There are some attempts (in San Francisco's program specifically) to reduce the administrative load on city staff by using experienced volunteers.

Alternatives:

- Current city staff in collaboration with residents.
- Volunteers with city administrative experience, in collaboration with residents.

Variations in who gets to vote on projects/proposals

In most PB programs, voting is open to all residents, limited only by the scope of the program. Voting is not restricted to registered voters. Concerns about whether small numbers of self-selected voters truly represent their communities have led to methods for recruiting a representative sample of residents to vote.

Alternatives:

- All residents over a certain age (frequently 13–15) regardless of citizenship status or voter registration.
- A selected representative ("stratified") sample of these residents.

Variations in voting and alternate decision methods

Voting in the way most are familiar with—one person, one vote—is nearly universal. However, concerns about participation rates and representation are provoking discussion of other methods in the literature on direct democracy and civic engagement. The only program we have found that has experimented with alternate methods is in New York City, where a process called "sortition" has been used to create representative groups of voters. These alternate methods are largely untested.

Alternatives:

- Approval (top choice or choices by number of single votes).
- Knapsack voting (total cost of projects chosen must not exceed a certain amount).
- Ranked-choice voting (RCV).
- "Token" voting: distribute a set number of tokens (votes) among the available options.

- Deliberative decision-making methods other than straight voting, including sortition (a process similar to jury selection or representative selection by lottery) and decision by assemblies or other group meetings.

Variations in how the selected projects are implemented

Projects identified and selected through PB are generally implemented by city government the same as other city projects. The alternatives here are no different. Implementation must be overseen by the city in the interest of accountability.

Alternatives:

- Existing city bureaus or agencies implement projects.
- Community organizations assume responsibility for implementation.
- A competitive bidding process acquires the services of local contractors.

Claims for and against

We have examined the claims made in support of PB and summarized them here. Following that, we list arguments against its unqualified use that have been independently studied, compiled, and reported by social scientists and others. The long history of PB provides a wealth of experiences, both positive and negative, for researchers to draw on. We assess the evidence behind these claims and the impact of the opposing arguments in the following section of this report.

Claims made in support of PB

In the following paragraphs we try to capture the appeal of what PB offers to do. Note that the quotations in this section capture only the positive claims for PB and do not reflect the committee's conclusions, which will be presented in the following sections of this report.

A statement from the website of the New York City PB program captures the primary claims in favor of the practice: direct democracy, transparency in budgeting, civic engagement and trust—especially on the part of historically under-engaged groups—and better municipal decision-making.

> *Participatory Budgeting is a democratic process in which community members directly decide how to spend part of a public budget. It's grassroots democracy at its best. It helps make budget decisions clear and accessible. It gives real power to people who have never before been involved in the political process. And it results in better budget decisions—because who better knows the needs of our community than the people who live there?* New York City Council (https://council.nyc.gov/pb/)

1. ***PB claims to promote community engagement.***

PB claims to provide a more direct, more transparent, and more locally focused means for resident participation in budgeting than the advisory committees that are now in place. The reforms to Portland city government (three councilors to represent each of four geographic districts and a very different administrative structure) that are now underway have greater civic engagement as a key goal. So do the pending changes in the city's budgeting processes.

2. ***PB claims to involve under-engaged groups and promote equity.***

> *Importantly, the new deliberative processes [like PB] provide access to citizens who have not traditionally had access to political power. Traditionally excluded individuals, using an open deliberative format, develop new ideas and issues that are then placed on the policy and political agenda.* Wampler (2012)

Equity was a driving force behind the earliest use of PB in Brazil. Today, concrete equity goals for PB are more common around the world than they are in the U.S., although equity

is nearly always mentioned in passing. We note that equity goals have been a part of Portland's expressed values over many years. PB claims to be a way to direct resources to under-engaged or neglected groups in a transparent and empowering way.

3. *PB claims to include more people in the budgeting process and in financial decision-making.*

> *Public engagement [including PB] involves convening diverse, representative groups of people to wrestle with information from a variety of viewpoints all to the end of making better, often more creative decisions*. The Public Engagement Principles Project (PEP), Oregon 2009

Currently, unless residents participate on a budget advisory committee or attend a public information session, their contact with budgeting processes is very limited. PB claims to be a way to reach typically under-engaged residents with information about city finances and an active role in decision-making.

4. *PB claims to build community and neighborhood cohesion.*

Members of a community working together to identify and select spending priorities builds collegiality and equity. As researcher Hollie Russon-Gilman points out, "[PB} can improve democratic conditions by renewing the civic spirit in a community [and by] strengthening ties between neighbors." (Russon-Gilman, 2016)

5. *PB claims to offer a city an improved assessment of resident needs and offer residents more targeted results.*

> *From the perspective of government officials, participatory institutions help them to identify key problems, demands, and grievances among the population, especially the most organized sectors. Elected officials who seek to represent specific constituencies now have better means to assess their constituents' needs and demands. Government officials then can better target their policy priorities by marrying citizens' demands with expert opinion. It also allows government officials to identify the policy issues most important to community leaders, which is important for policy and political purposes*. Wampler (2012)

Everyone we've spoken with in city government wants better information about community needs. PB claims to be one way to achieve this. Residents want local problems solved and issues addressed. By involving them in spending decisions, PB claims to achieve these goals.

6. *PB claims to make budgeting processes more transparent.*

> *Participation can be very useful in educating the public about key trade-offs and gaining valuable input from citizens about their priorities and preferences. Working with them to make these connections encourages citizens to participate in a more knowledgeable fashion rather than simply*

> *demand that their fire station or library remain open without tax increases or other service cuts*.
> Ebdon (2006)

One of the most explicit claims about PB programs is the nearly total transparency of the process. Ideas are solicited in a variety of ways and the results are shared publicly. Votes are taken on spending decisions, and the results are documented and widely distributed. PB is usually given the credit for completed projects. PB claims to prevent the perception that city budgeting processes are opaque and plagued by unexplained decisions.

7. PB claims to increase trust in government.

> *The hope invested by enthusiasts in PB derives from its simultaneous use of transparency, participation and accountability. Taken together, these three actions are believed to reduce the gap in trust and promote greater confidence in government through a transparent and participative budgeting process that can yield concrete results which citizens can see with their own eyes*.
> Rumbel (2018)

PB programs normally incorporate extensive outreach and education, in the hope that the community will begin to see more transparency, more engagement, and better results. Government officials, it is claimed, will find that residents make well-reasoned decisions about spending. PB claims to increase trust between residents and their municipal government through these activities.

Claims against the unqualified use of PB

Some opposition to PB comes from those who think it's a bad idea because of its costs, risks, and downsides. But PB has few entrenched opponents.

> *This rapid expansion [of PB] has yielded a mix of concerns across the PB world regarding the cost, effectiveness, and inclusivity of the programmes. While PB programmes targeted at the most impoverished may yield positive results, the cost of running a PB programme for the most disengaged and disadvantaged will be understandably high in order to provide outreach, support and education to participants to enable their engagement. . . .The very aims of PB in many instances are opaque, with implementation viewed as something necessary or positive without clear goals and desired outcomes from the programme beyond engaging citizens in decision-making.* Rumbul (2018)

In contrast, most commentators, observers, and researchers find the idea promising and do not oppose it across the board. But they point at limitations and undesirable consequences that have repeatedly arisen in its use and been well documented. Some support PB in general but object in good faith to specific cases, citing poor timing, insufficient resources, weak structures/processes, ineffective leadership, etc.

Many might better be described as skeptics or cautious optimists rather than opponents: they testify that the benefits of PB are attractive and real but that only a very carefully designed program can avoid some predictable pitfalls.

Objective studies in the popular press and in research reports have described these pitfalls in detail: PB has been mis-used, poorly administered, and undermined in various cases. While these failures can be avoided through due diligence, researchers point to certain features of typical PB programs that, even if well executed, can lead to its failure to meet the goals expressed for it. They report that PB has limitations that must be acknowledged and overcome if it is to be successful in the short or the long term.

These arguments are reported here as we have found them and do not necessarily reflect the thinking of the committee. What we make of these claims is covered in the next section of this report.

1. ***Affordability: Dedicated funding for PB may have negative impacts on fiscal management.***

Skeptics assert that budgeting is necessarily a zero-sum game: any spending in one place means less is available elsewhere. They point out that dedicating funds to PB, especially from an operating fund, means that less is available for other uses, some of them previously planned and expected. Even discretionary funds can be committed or spoken for. When budget cuts are called for, difficult decisions must be made; it is hard to justify insulating PB funding from these decisions. Doing so may be inconsistent with good budgeting practice.

2. ***Electoral accountability may be compromised by PB.***

> *What if participation actually undermines representative democracy? None of our founding fathers thought direct democratic deliberation by the people was a good idea. . .Throughout its history direct deliberative democracy has been anathema to the traditional vision of the United States.* Russon Gilman (2016).

PB is said to violate the fundamental nature of our representative form of government by delegating spending authority from duly elected officials to unelected (and therefore unaccountable) self-selected panels of residents. We find frequent references to this claim, mostly from elected officials themselves. In the case of Cleveland a failed PB ballot measure led state legislators to propose a ban on any similar program.

3. ***High overhead, complexity, and administrative burden may undermine the program.***

> *. . . Asking staff from city agencies or elected officials' offices to run PB on top of their existing responsibilities is a mistake. . . The workload—community outreach, project development, coordination with city agencies, and so on—is just too great. . . Interviewees stressed the importance of allocating enough money to program administration. . . 'That is probably the number one reason why other districts either didn't start it or didn't keep with it—because it is a tremendous amount of work'. [Erica Maybaum, San Francisco]* Roth (2022)

Administering a PB program can be expensive and can soak up a significant share of the available resources. Programs that begin with good support can evolve into unfunded mandates for city bureaus over time. In addition, low participation rates (see below) can call for unplanned increases in outreach at higher cost to increase participation and justify the program.

4. ***Low participation and modest results may not justify the expense.***

> *Democratic innovations live and die by the extent to which voters' voices are heard. But this requires representative participation. As a fledgling part of the democratic process, participatory budgeting appears to be particularly susceptible to poor participation.* Fairstein, (2023)

Participation rates—the number of people with an active role, including voting—in PB are typically low. (We take a close look at this finding and its implications later under Discussion/Analysis.) This observation is consistent across nearly all U.S. PB programs and has been cited as a critical limitation on PB effectiveness. Some question the overall impact on community engagement when so few people participate. In addition, whether these few participants represent the larger community is in question, as is whether they bring previously excluded groups into the process or just those with the time and resources to participate. Chronically low rates have also provoked questions about large

expenditures for funding and administrative overhead that directly benefit only a small number of residents. Even when important local issues are resolved through PB spending, some question whether these results justify the high cost of securing the funds and administering the program.

5. ***Limited participation in PB programs may not reflect the wishes of the entire community.***

> *In virtually all cases, the participatory budgeting design employs self-selection. . . anyone who wishes to show up to the meetings can do so. But self-selection is virtually guaranteed to generate unrepresentative samples. Those who show up must be especially motivated to do so. . . Motivated but unrepresentative groups . . . do not represent the population overall. Because the participants are unrepresentative, it is hard to see how the process gives "elected officials more accurate information about voter preferences" or gives "government technocrats more complete information about public wants and needs."* Fishkin (2018)

Critics point out that low participation rates are likely evidence that those who vote may not accurately represent the make-up of the communities they represent. This may lead to projects that do not satisfy the real needs of the community but only of those who elected to vote. For the city, the accuracy of the data they may collect through PB programs may be suspect.

6. ***PB may fail to take trade-offs and long-term decision-making into account***.

> *Many participatory budgeting participants are interested in securing short- to medium-term public works projects . . . [which] makes it more difficult to generate discussions on planning for the future of the city. . . The complexity of the issues involved requires that citizens have substantial technical and analytical skills to weigh different arguments. Participatory budgeting programs slowly build these skills, but it may take years for participants to develop a grasp of the complexities of the proposed solutions.* Brian Wampler in Shah (2007)

PB programs nearly always function in one- or two-year cycles, focus on immediate needs, and work with dependable funding. Some call attention to the fact that trade-offs are fundamental to budgeting; not addressing these is a misleading way to educate the public about budgeting. In addition, PB tends to focus on short-term needs and projects when the wise use of municipal resources should allow for long-term thinking. This may mean investing now for a later return or reserving resources for an expected (or unexpected) future requirement that cannot be recognized through a typical PB process.

A note on "Participatory Spending"

The term "participatory spending" was mentioned in at least one of our interviews. It refers to the fact that most PB programs delegate spending authority—and only spending authority—to residents. Any description of a generic "budgeting process" includes preliminary steps such as a historical review, revenue forecasting, a review of fixed expenses, etc., plus ongoing attention to trade-offs, contingency plans, and the like. Little of this is delegated to residents in a typical PB program; thus the suggestion that most programs are actually "participatory spending."

7. A focus on concrete capital projects may actually undermine long-term civic engagement.

> *[PB's] focus on specific public works . . . diminishes the impact of the public learning or empowerment sessions. Many participants are less interested in learning about rights, the fiscal responsibility of the government, or broader social policies than they are in obtaining a small infrastructure project. This is the principal Catch-22 of participatory budgeting. . . After improvements are made, the community organization stops participating. . .. In such a case, public learning is low and participation is geared toward short-term and instrumental ends; participants are not engaged in public learning processes but focused on how they can secure specific resources for their community.* Brian Wampler in Shah (2007)

Projects resulting from PB processes tend to be capital expenditures, because these are easy to see and because they do not encumber future city budgets as obviously as would programs that require support year after year. Capital projects may, however, require maintenance and operating expenses. Observers also suggest that creating such brick-and-mortar results can distract from the process goals related to education, to ongoing communication between the city and residents, and to flourishing community engagement.

8. Unclear/conflicting goals and poor evaluation

> *A glaring weakness . . . is that we have very little empirical knowledge about the goals and outcomes of participation. . . Unfortunately, it appears that the purpose of participation is seldom explicitly articulated, leading to varying expectations and little means for determining whether the results are acceptable or even exceed the costs of the activity. These differing goals can color perceptions of the effectiveness of participatory efforts and affect the determination of whether the outcomes are sufficient to justify them.* Ebdon & Franklin (2006)

The stated goals of PB programs tend to be general, abstract, unspecific, and lofty. In most cases there is no operational definition of a goal, which means that processes to measure it are obscured. As a result, few programs we have studied yield quantitative data about their effectiveness or their efficiency. Researchers who have studied PB extensively over the past 30 years repeatedly cite this as a problem. In addition, most cities evaluate their programs based on feedback surveys or other anecdotal methods. Nearly all of these show high levels of satisfaction with the experience of participating in a PB program—yet these programs' actual impact on communities, comparisons of costs and benefits, and concrete assessments of effectiveness are rare.

9. PB may qualify as a "policy bubble"

> *Broadly, we are interested also in knowing if PB's decline is the result of being part of a "policy bubble," which occurs "when governments overinvest in a single policy instrument beyond its instrumental value in achieving a policy goal and that overinvestment is sustained over a relatively long period of time." In other words, did governments adopt PB in the absence of clear evidence, which led to an overinvestment?* Wampler & Goldfrank (2022)

Brian Wampler—perhaps the most experienced and widely published academic researcher on PB worldwide—raised the point above in a recent article. The concept of a policy bubble, similar in some ways to an economic bubble, was first described by Moshe Maor and others around 2003 as a public policy that persists over time despite a lack of concrete evidence of its benefits.

Such a policy is sustained not by its actual impact or results but by positive feedback loops and enthusiasm. In simple terms, its costs are not justified by its results—but nevertheless, it persists. While we can't resolve this question in our report, we believe these paragraphs suggest a rational critique of PB and a possible explanation for its popularity:

> *. . . A policy bubble may emerge when certain individuals perceive opportunities to gain from public policy or to exploit it by rallying support for the policy, promoting word-of-mouth enthusiasm and widespread endorsement of the policy, heightening expectations for further policy, and increasing demand for this policy. In particular, they stand to gain more if they find other individuals who act similarly. If that is the case, an oversupply of this policy is likely to follow. If this process is sustained over an extended period of time, a policy bubble may emerge. A policy bubble may also emerge when people are emotionally attracted to certain aspects of the policy, especially when the emotional quality of the policy idea matches the mood of the population. Policy bubbles arise, therefore, by way of 'mobilisation of enthusiasm' when the policy enacted exceeds its ability to affect policy goals.*
>
> *. . . A policy bubble grows and matures when positive feedback processes enter into the fray. Bursts of public optimism, for example, may encourage trend-chasers to subscribe to the policy, further arousing individuals' enthusiasm, which then leads to oversupply of the policy at hand. . . A policy bubble may mature as a result of over-optimism and overconfidence among policymakers and/or the general public, or as a result of imitation and human herding, as well as emotional contagion. . . However, since persistent policy payoffs cannot occur forever, elements of diminishing returns, at some point in time, are bound to replace positive feedback. Policy payoffs are likely to decline, and the bubble may gradually or abruptly burst.* Maor (2014)

In summary

Our findings produced a picture of PB as a practice that is widespread and popular, that exists in many forms and encompasses a wide variety of options for its use. The claims frequently expressed about its benefits are appealing to many constituents and are notably consistent across the U.S.

Still, the limitations of the practice are well-documented, especially by neutral researchers who study PB programs and their rise, spread, and occasional decline.

In the next section of this report, we discuss the meaning of these findings and analyze the evidence behind them.

Discussion/Analysis

Introduction

The proliferation of PB programs around the world since 1989 has generated a variety of models that have different goals, sources of funding, and methods of engaging communities. This variation is captured in our Findings, above, along with a summary of the most common claims for and against the use of PB. In the following pages, we summarize our interpretation of these findings.

In general, we found that PB has enormous apparent appeal but is a more complex and challenging practice than we expected—as we document in this section of our report. Rather than analyze our findings one-by-one, we have selected topics for discussion that allow us to pull together our various findings into four important themes:

A. The difficulty in identifying "successful" PB programs, owing to very different definitions of success among PB practitioners and a lack of evaluative data.

B. What we learned from studying other cities' PB experience, summarized in six key observations.

C. Three high-level questions that arise from our findings, and an analysis of what answers are suggested by the evidence. These focus on:
    a. Civic engagement and participation,
    b. Delegating spending decisions to the community, and
    c. Affordability, funding, and overhead

D. Potential unintended consequences that could be triggered if PB were to be adopted in Portland without careful planning, skilled execution, and respect for changing circumstances.

A. What does "success" mean for a PB program?

Because of the variation among PB programs, it's hard to say what makes a particular program successful. PB has sometimes been seen as simply a tool to use when it is a good fit with the availability of both funding and administrative support, and when its use is believed to increase public participation in budgeting. (This opportunistic use is how PB first arose in the U.S.) It may start in a single district or may be used when one-time or windfall funds are available. In these cases, there may be no official adoption by a city; PB is basically "picked up and used." If it meets the goals set for it, PB is generally considered to be a success in these cases, whether or not it continues.

Some advocates will assert that a PB program is a success only if it continues indefinitely—which very few programs have done. Some programs continue to be sustained; this alone does not mean that they consistently meet their goals (such as community engagement, redistribution to historically underserved populations, etc.).

One recommended step in the effort to sustain a program is to institutionalize it; that is, to formally adopt it by ordinance or initiative to make it a permanent part of city operations, one that is difficult to abandon. (In the case of New York City—widely cited as a successful program—several years of opportunistic use at the district level led to institutionalization only recently.) Institutionalization assures a program's continuation but not its impact on other goals.

Not all PB programs that are thought to be successful have been sustained, including those that first attracted world-wide attention in Brazil. Some cities' programs have met their goals and have had a beginning, a middle, and an end, typically when funding runs out. Some ostensibly successful programs distributed federal COVID-19 relief funds using PB in ways that engaged and empowered residents. But when the funds ran out, the programs were suspended.

In some cases, the end of a program has been anticipated from the beginning, owing to the temporary nature of the available funding. In others, programs have ended unexpectedly as circumstances change. In these cities, PB has proven its worth but remains "on the shelf" awaiting circumstances that favor another application. Accordingly, we hesitate to equate success with sustainability or the end of a program with its failure. Some independent researchers suggest that PB programs have a "natural life cycle" of a few years.

> *. . . [T]he duration of many PB programs is relatively short—roughly, 50% of PB programs are continued from one mayoral term to the next. Most of those that last longer than one term are then in continual existence for 2–3 mayoral terms (8–12 years). This is enough time to begin changing basic state-society relationships. But these programs are hampered by relatively scarce resources . . .and municipal-wide participation rates of 4–8% of the population at best.* Wampler & Goldfrank (2022)

This difficulty in defining success for PB programs has led us to avoid using the term and has largely prevented us from labeling programs as successful or not. Further, ambiguity in stated goals and a persistent lack of robust evaluation means that it is very challenging to determine whether PB programs are indeed successful. We were surprised to find that, despite its broad use, systematic and quantitative studies of PB are rare. In addition, it is inherently difficult to attribute a change in some aspect of society (e.g., civic engagement) to just a single cause like the adoption of PB, especially if it occurs amid multiple other changes in government and in the community.

B. Learning from other cities' use of PB

Our study of where and how PB has been used across the U.S. has led us to a few key generalizations:

> *There is substantial variety in the use of participatory budgeting, within and across countries. There is not a "one-size-fits-all" approach with this process. It is used sometimes solely for capital projects, while in other cases it allocates more broadly. Participant selection methods are diverse, as are the steps in the process itself.* Rudin & Ebdon (2020)

1. The use of PB is highly variable

As our findings illustrate, the variability among PB programs in the U.S. is very high. While an earlier section of this report describes the most fundamental elements of a PB program, cities are handling the details in many ways. There is no single version or model for using PB successfully. Variation is common around several issues that are described in our findings and detailed in Appendix D.

2. PB is an adaptable innovation

This range of variation allows PB to be adapted for use in cities with very different needs, local histories and circumstances. It lends itself to experimentation, and the experience of other cities provides a rich resource for customization. Studies of PB emphasize the benefits of experimentation. A key takeaway from a *Brennan Center* report that we have relied on: "Don't be afraid to experiment . . . The lesson is that PB offers ample room for experimentation, and a willingness to be flexible can be key to success" (Roth, 2022). Josh Lerner, the co-founder of *The Participatory Budgeting Project*, in a recent article warns against rigidity:

> *When democratic practices grow, they often develop a standard methodology. . .These original formulas do not always work well, however, when the practices spread to different contexts or are combined with other methods. Too often, advocates . . . push back when other activists . . . try to adapt or adjust the practices. If the changes end up undermining democracy, this resistance may be appropriate. However, if the new formulas enable more democracy, even if it does not resemble the original version, excess rigidity can hold back progress." Lerner (2024)*

3. Few programs achieve long-term sustainability

Our examination of a range of cities shows that sustaining a PB program over time is a challenge in most cities. Programs can decline for several reasons:

- City staff lack the resources to manage PB outreach and implementation.
- Early cycles capture "low-hanging fruit" and enthusiasm wanes.
- One-time or dedicated funding dries up and is not replaced.
- Small programs produce small results that reduce motivation to continue.
- Participation is too low to create large-scale interest in continuing.

- Engagement is captured by special interests or by “the usual suspects” and historically under-engaged groups stay that way.
- Political changes undermine the government's interest in continuing the program, or program “champions” leave the scene.

4. Models for what has been proposed in Portland are rare

Notably, we have found only two other active or proposed PB programs that resemble recent proposals (by the charter commission and then in a citizen initiative) in Portland, committing a percentage of the general fund to an ongoing PB program in the city charter. One is in New York City, where such a city-wide program was implemented after many years of learning from district-level PB. The other was in Cleveland, where a similar citizen initiative was defeated soundly by voters in late 2023.

5. Overhead and administrative burden are high

A consistent finding is the reported high cost of administering a PB program, especially city-wide. Expenses include:

- Costs for soliciting funding ideas, either in hosting citizen assemblies or providing online tools that make it easy to make suggestions.
- Providing outreach and education to residents—a critical success factor in boosting participation.
- Administering a process for vetting spending ideas for feasibility.
- Running a voting process, which typically requires both an online platform and providing access to the ballot by residents uncomfortable with technology.
- After a PB cycle is completed, there may be ongoing expenses related to maintenance or other support for implemented projects and for ongoing evaluation of the effectiveness of the program; these are in effect unfunded mandates for the city.

Nailing down specific figures for this issue is difficult owing to differences in how various cities support a program[17]. Cities in which existing departments assume the responsibilities report fewer incremental expenditures than those who outsource or create new bureaus to oversee the program. Estimates range from 1% to 20% or more of the allocation to PB. Vallejo CA committed 15% to administrative support; an early version of the plan in Seattle allocated 28%. The cost of administration either encumbers existing city resources and redirects them toward the PB program, creating an opportunity cost for the city, or some portion of the funds residents hope to spend are reserved instead for administration.

[17] The Participatory Budgeting Project, an advocacy group, suggests that small cities (<200K residents) budget $1/resident/year for administration of a city-wide program, acknowledging that economies of scale will bring the per-resident cost down for larger cities.

6. Participation is low compared to electoral participation

Residents participate when they suggest projects to fund and then, later on, vote (or deliberate in some other way) to select projects to implement. Typical participation rates in PB projects are 5% or fewer of eligible voters. This finding is remarkably consistent across programs in the U.S. PB offers the potential to engage the public in budgeting and spending decisions, but the number of people actually involved is low, even compared to typical municipal elections. The National Civic League has found that municipal elections across the U.S. draw three to five times as many voters, by percentage of those eligible.[18]

[18] "Increasing Voter Turnout in Local Elections." *National Civic Review*. V.109, N.1, Spring 2020. The National Civic League.

C. Three critical issues: what does the evidence suggest?

Looking at all our findings and at the background information on PB led us to three questions that sum up what we think are the most important issues for Portland. These questions, in one form or another, arose repeatedly in our witness interviews, in our literature searches, and in our own discussions. In general, we think these are challenging questions, without easy answers.

1. Civic engagement & participation:

Can PB help meet Portland's need for greater engagement by the community in budgeting processes?

We found universal support for increased engagement in the budgeting and spending practices of the city. From inside government, we heard clear expressions of this need. Officials would like to have better access to the thoughts and ideas of residents about their true priorities and about the impact of budgeting and spending decisions. While we did not interview many residents, the Charter Commission did, in partnership with the Coalition of Communities of Color (CCC) and seven local community-based organizations dedicated to culturally relevant engagement and reducing barriers to participation. These interviews underlined the need with extensive data to support it. (See, for example, the reports on *Community Listening Sessions*.)

We found no evidence of a desire to keep budgeting processes and decision-making behind closed doors. A look at the goals of Portland's charter reforms and the re-organization of city government shows civic engagement to be near the top of the list. And Portland has a unique history in this area, having once been singled out as a model city for engagement, largely due to the innovative use of neighborhood associations.

In our study we found evidence that: (1) What was once working well is not as effective or respected today, and (2) There is a strong desire to re-invigorate civic engagement in Portland and share the resulting benefits. Portland also has experience with a wide variety of civic engagement projects and practices that likely bear on the use of PB. [19]

The potential of PB:

[19] These include the history of the neighborhood associations, the 2005 *Community Connect* initiative, the *Citywide Equitable Engagement Cohort* of the 2010s, the evolution of the Office of Community and Civic Life, the work of the Diversity and Civic Leadership Committee (DCLC), and the current Portland Engagement Project. For a review of Portland's rich history in this area before 2009 see Alarcon de Morris & Leistner (2009).

PB is well regarded internationally as a civic-engagement strategy. Engagement and participation by residents in the budgeting practices of a city basically *defines* participatory budgeting. This benefit is one of only two that characterize every single world-wide application of PB, the other being more targeted and relevant spending on local needs as determined by residents themselves.

We focus here on PB in municipal budgeting, the most common among many variations. In this type of PB cycle, the public is directly involved in generating ideas for projects, working with government to test these ideas for feasibility, and then selecting the "winning" projects.

> *Enhancing civic participation. . . in political processes is . . . central to restoring trust in the system. The reform that does this more directly than perhaps any other is Participatory Budgeting (PB) . . .* (Roth, 2022)

Our analysis:

Concrete evidence for civic engagement could be looked for in:

- The frequency and diversity of civic activities undertaken in a community,
- The public's level of knowledge about local and national issues,
- The extent to which residents are directly involved in decision-making,
- The impact of these decisions on improvements, and
- The degree of collaboration among residents in addressing public concerns.

PB is claimed to improve the depth of involvement of those who participate, their satisfaction with that involvement, the degree to which their understanding of municipal budgeting improves, and their sustained interest in further participation in civic life.

Evidence for whether these qualitative benefits are achieved with PB is almost entirely anecdotal and in most cities is based on subjective measures such as polls and satisfaction surveys. In a 2018 post The *Participatory Budgeting Project* recommends surveys and polls as the primary method of evaluation (See "How to make evaluations meaningful and awesome" on the Project's website.) These show high levels of satisfaction with residents' participation in PB.

In the words of Hollie Russon-Gilman, one of the most widely cited independent researchers on PB, "While the material outputs of participatory budgeting are modest thus far in the United States, I argue that its immaterial 'civic benefits' are substantial. . . [Yet] these civic rewards can be intangible and difficult to quantify." (Russon Gilman, 2016)

This difficulty in finding concrete evidence for improved civic engagement is widely cited. Here is testimony from a recent study:

> *[T]he outcomes of participatory budgeting can vary and are often unclear . . . educating citizens, increased government accountability and transparency, social equity, and enhanced civil society*

> *engagement. . . However, we know little about the connection between goals and actual results of PB. In addition, outcomes can be difficult to measure, and there may be unexpected consequences . . .* Rubin & Ebdon (2020)

There are examples from several programs that the aims of PB regarding civic engagement are not always met. Russon Gilman (2016) quotes three participants she interviewed:

> *"'I joined PB to change our democracy—not to work on toilets and trees.' These are the remarks a budget delegate uttered after the project on which she had spent the last several months working failed to be voted on."*

> *"'PB will die of its own weight based on the sheer amount of meetings.'* District committee member and budget delegate*"*

> *"I brought a few friends to an initial neighborhood assembly. They signed up to be budget delegates but stopped coming after the first meeting. They wanted to participate but had to take care of their children."*

We find that the evidence—perhaps better characterized as testimony—for high levels of engagement from PB is broad but shallow. While many participants clearly enjoy and benefit from the experience, it is difficult to know whether these effects are ephemeral or long-lasting, much less whether they justify the costs of implementing a PB program.

> *". . . The purpose of participation is seldom explicitly articulated, leading to varying expectations and little means for determining whether the results are acceptable or even exceed the costs of the activity. These differing goals can color perceptions of the effectiveness of participatory efforts and affect the determination of whether the outcomes are sufficient to justify them*." Ebdon & Franklin (2006)

Some observers have suggested that the growth of PB programs across the U.S. may be driven by positive feedback loops and "bandwagon effects" rather than sound evidence of its benefits

The *Participatory Budgeting Project*, the most widely used source for PB advocacy and project support, reports that the percentage of residents who vote for projects rarely exceeds five percent. Accordingly, the Project recommends this rate as a target for cities and claims that it represents a "successful" response rate.

Our compiled city-by-city data shows that actual rates most often fall below five percent, frequently far below. Rates of one to two percent were typical in the cities we studied. (A calculation of rates from a Wikipedia article documenting 120 PB elections world-wide yielded an average participation rate of 6%, with a low of 0.8% to a high of 20%. One-fourth of these elections had participation rates below 2%.)

Taking five percent as an optimistic rate of participation for PB in U.S. cities means that communities that use PB for municipal spending decisions rely on one in twenty residents or fewer for these decisions. As noted earlier, typical turnout in municipal/local elections ranges from 15% to 27% of registered voters according to the National Civic League (2020 data).

As for sustained impact on participants' subsequent engagement in civic life from their participation in PB, only one study we have found has produced reliable quantitative data: in New York, the percentage of registered voters who were "likely to vote" in municipal elections increased by 7% after successful PB cycles. (A description of this study is available here.)

Summing up:

Some cities around the U.S. and around the world have used PB as the opening salvo in a civic engagement campaign. In these cities, it appears that civic engagement was not being addressed directly or effectively until PB came along. PB in a sense filled an empty niche. This is not the case in Portland, where civic engagement has been under active study, with repeated initiatives, over many years. (See, for example, the current Portland Engagement Project [PEP])

Despite the potential of PB for increasing community engagement in Portland, our findings clearly show that programs in some comparable cities have declined or failed. In a few cases, the failures led to an apparent overall decline in civic engagement out of disappointment with the process, the results or both. The causes of these failures have been studied carefully, and a summary of common causes can be found in Appendix C.

Examining the evidence leads us to believe that PB does indeed engage individual participants, sometimes very deeply, and that participants in small numbers do indeed profit from the "civic benefits" promised by PB. This is not a trivial result, especially if the residents who are engaged have historically been under-engaged in or even excluded from civic life. And some level of participation is better than none.

> *Even if PB voters represent a limited sampling of citizens, nonetheless PB amounts to more citizen involvement in budgetary decisions than the prior procedure without PB. . . Many of the critiques of voting in PB can also be applied to voting for city council members and to other elections in the United States. . . [T]he voting rate for some city council elections, especially special elections, can at times be comparable to voting rates in PB.* Russon Gilman (2016)

On the other hand, the evidence is strong that the penetration of a PB program—its success in directly involving a large proportion of the residents of a community—is extremely limited. As a result, the overall impact of a typical city-wide PB program on civic engagement throughout a city is not well supported by the available evidence. The lack of evidence is masked, we believe, by the enthusiasm expressed by those who do participate and by the well-designed and effective promotional efforts by PB advocates.

Methods for increasing participation beyond what is typical will require creativity and resources. If participation rates cannot be increased, then it may be possible to assure that even small numbers of resident participants represent their communities more accurately. Representatives of the New York City PB program told us about their use of

"sortition"— a method much like that used to select juries—to create more representative participation.

A Portland PB program may play a role in enhancing community engagement, but it is not likely to be sufficient on its own. A PB program supported by and integrated with other innovative engagement practices may add value.

> *Although PB holds promise for increasing civic engagement, it is not a replacement for broader outreach and equity initiatives. PB alone will not bring about equity in a community, nor is it a panacea for a community's problems. But, with careful planning and intensive outreach, PB can bring more voices into municipal decisions.* Stacy (2022)

2. Delegating spending decisions to the community:

Will PB identify initiatives that are important to residents but not currently being funded?

In addition to building community engagement, the second most frequently cited goal of PB is to help city government assess the needs of residents more accurately, with direct input from the community that goes beyond advisory groups and polls. The desire for better needs-assessment is universally acknowledged by the Portland city government leaders and employees we have spoken with. Advisory groups and other means of gathering input are leaving some local needs unmet, as acknowledged by the recent research used to support the changes to the city's budgeting process that are now underway. (See "Budget and Finance Staffing and Budget Process Transition Report" [2024].)

The potential of PB:

One of the essential elements of a PB program is soliciting spending priorities directly from residents, focusing on immediate needs in their neighborhoods. This creates a new channel for informing the city's leadership about needs that may not have been evident through traditional communications channels.

Recognizing these unmet needs and then working with residents to develop feasible proposals helps defuse the frustration that erupts when a resident expresses a need and someone in government reports, simply, that it can't be met. This collaborative process is fundamental to PB programs. Its transparency also has the effect of enhancing trust between residents and their government.

If a well-designed PB program successfully implements the projects selected through PB, resident satisfaction can rise. PB offers a way to solve problems that have festered or been ignored. For residents, this is sometimes the most compelling outcome of a PB program: something got fixed.

Our analysis:

Studies of PB programs across the world offer support for their effectiveness in meeting real needs, with reservations. Several points are frequently made and are generally supported by the evidence:

- A few researchers report—without attribution—that some in government do not believe the average resident is up to the challenge. The evidence says otherwise.

  > *The findings show that ordinary citizens, given some information and time for discussion in groups of diverse opinions, are quite capable of understanding complex, and sometimes technical, issues and reaching pertinent conclusions about significant public matters. . . These empirical findings provide a valuable counterweight to the poor opinion of ordinary citizens found in much political science, and to the frequently heard view that many, perhaps even most, matters of public policy are best left to, or must be left to experts.* Pateman (2012)

- PB gives city governments more immediate "grass-roots" information about perceived needs than any other method of public involvement. When residents make spending decisions themselves, this provides valid and reliable data about their preferences and immediate needs.

  > *[PB] helps make budget decisions clear and accessible. It gives real power to people who have never before been involved in the political process. And it results in better budget decisions—because who better knows the needs of our community than the people who live there?* Davidson (2018)

- Cities that have been satisfied with their PB programs cite healthy collaboration between government and residents during the process, and researchers commonly cite the need for mutual trust and respect.

  > *While increased transparency and accountability are also open government goals, the involvement of citizens is not simply a one-way street, in which government pulls back the curtain and allows citizens to more closely scrutinize its doings. Rather, an innovative government calls on its citizens to participate in improving governance itself.* Young (2013)

- Chronically low participation rates in PB programs cast doubt on whether the results of a PB vote actually represent the true preferences of a community—as discussed earlier in this section. (See "Limited participation in PB programs may not reflect the wishes of the entire community" in our Findings.)

Summing up:

It is difficult to predict the degree to which spending decisions made by residents through PB will be different from or "better than" those made through existing budgeting processes—until this is tested. Hypothetically, PB can provide more immediate and ground-level data than current methods of engagement.

Testimony from other cities supports the ability of residents to make responsible spending decisions if they are given the relevant information and the means to participate effectively. Representatives of Portland city government have told us they want better information and guidance from residents. Other cities report that issues raised through PB might otherwise have escaped notice.

However, the validity of the data about needs gathered through PB is affected by low rates of participation, making it difficult to confirm that what participants vote for represents a consensus in their community.

Existing tools like the Portland Insights Survey, Neighborhood Demographic Profiles, the Portland Data Map, the parks bureau's Community Needs Survey, and projects administered by local universities could be used to give preference to historically disadvantaged areas. There are many examples in the PB literature of cities using PB as a re-distribution tool, sometimes to correct historic inequities. Lessons can be learned from them.

Treating the question posed at the beginning of this section as a hypothesis for testing would provide evidence of whether Portland would benefit from PB in this way.

3. Affordability, funding, and overhead:

Can Portland afford to fund and administer a PB program at this time?

There are two related, but distinct, affordability questions our study has focused on:

(1) The funding available to be allocated through PB, and
(2) The administrative costs—the overhead—of administering a PB program.

Whether Portland can afford a PB program is a volatile question, especially when news reports (while this report is being compiled in late 2024 and early 2025) forecast significant cuts to the city budget over the coming months.

As we described in our Findings, most PB programs have taken advantage of funding that is already allocated in the form of a federal grant—many programs distributed COVID-19-relief funds—or some other pre-existing source of discretionary funding. In Chicago and

New York City, long-standing practices for allocating funds for the use of city councilors or ward leaders were in place before PB was used to spend them. In these cases, some have suggested that PB is actually "participatory spending."

The second issue related to affordability is the incremental cost of administration. The activities that take place within a PB program are beyond the usual practices of city agencies: special assemblies, data collection, recruitment of participants, outreach and education, operating a voting process, and coordination of a year(s)-long program. The scope of this administrative load varies but usually includes the time of personnel assigned to the project plus expenses for meetings, communications, and active support.

The potential of PB:

The claim in favor of PB regarding affordability is that public funds will be spent in some way, and that PB is a different and better method for deciding how. Where there are existing sources of funding, PB claims to offer a more directly democratic way of making decisions that would otherwise be made by government agencies and officials. Some of the most impactful decisions, for residents, that are made by governments are in the practice of budgeting and spending. Therefore, the claim goes, it only makes sense to delegate spending authority—for a very small portion of the city's discretionary funding—to residents who have a more immediate understanding of their needs and an opportunity to exercise their judgement directly in a political process.

As discussed earlier, sustaining a PB program over time—a frequently cited but debatable characteristic of a "successful" PB program—requires a reliable source of funds that are not subject to re-allocation for some other purpose. Proposals to dedicate a percentage of some city fund as a permanent source for PB are aimed at institutionalizing a PB program. To support this idea, one need only look at several U.S. PB programs that have been suspended under pressures on the budget or when another source of funding ran out or expired. If one presupposes that only sustained programs are successful, it's possible to ignore the possibility that suspending a program was appropriate.

Cities have assumed the burden of administrative support in many ways. In some cases, existing city departments and/or employees can be enlisted for support. Some cities have engaged partners among community organizations and their volunteers. Some have delegated administrative tasks to contractors.

Our analysis:

While it is undeniable that city funds will be spent in one way or another, dedicating a percentage of these funds to a PB project reduces flexibility and responsiveness in the budgeting process.

Essential to good budgeting is understanding and responding to trade-offs and zero-sum decision-making across a wide range of priorities and needs. With such a PB project in place, the amount of discretionary funding available is divided into two parts, one that city government can work with, and one that it cannot. No matter how small a percentage the latter represents, it is a significant amount of money in a city Portland's size. With a PB program in place, those funds will be unavailable for more strategic purposes.

Also, PB funding in yearly or biennial cycles favors short-term spending rather than long-term planning and may create an inaccurate picture of the complexity of municipal budgeting and mask the necessity of trade-offs among spending priorities.

> *Many participatory budgeting participants are interested in securing short- to medium-term public works projects. The focus on specific public works makes it more difficult to generate discussions on planning for the future of the city. . .The complexity of the issues involved requires that citizens have substantial technical and analytical skills to weigh different arguments. . . It may take years for participants to develop a grasp of the complexities of the proposed solutions*. Brian Wampler in Shah

As we reported earlier, funding a city-wide PB program through a charter change or initiative in this way is rare in the U.S. Alternatives are common. In some cities, funding for PB is itself discretionary and subject to yearly review like every other spending priority. These cities accept the risk that PB funding may eventually be eliminated—as is true for any other discretionary budget item.

When it comes to the administrative burden of operating a long-term PB program, we encountered consistent testimony about high costs. A significant portion of the available funds must be dedicated to administration and ongoing support. Without careful planning, some support activities can grow into unfunded mandates for city bureaus. Relatively high administrative expenses appear to be unavoidable, although there may be ways to limit them. And there appears to be a direct positive correlation between the expense of outreach/education activities and the level of participation—involving more people costs more.

Instituting a PB program that captures a portion of the general fund, that privileges PB above most other priorities, and that requires hefty new expenditures for administration creates unnecessary risks, especially when the city budget is under such pressure. The intention—to protect PB from the decline or collapse of its funding—is understandable. But it has the effect of giving PB an unusually privileged position in the budget.

> *. . . [C]urrent conditions present an opportunity for PB to evolve so that citizens can have input into decisions regarding budget cuts as well as input into budget allocation decisions. Other forms of citizen participation have been used in the U.S. when budgets had to be cut such as surveys . . . and committees of citizens with specific budget-related experience, e.g., bankers . . . However, to our knowledge, PB has not been used to solicit citizen input into budget cutback decisions. Now is the time to consider how to do this*. Rubin & Ebdon (2020)

The evidence from other cities supports a full public debate among the residents' duly elected representatives, in our case those who are part of our new government structure.

They can delegate spending authority to residents through PB, but the ultimate accountability for the city budget resides with them, as it should.

There may be applications for PB in activities other than spending money that is in short supply. At least one observer notes that the true involvement of residents in municipal budgeting decisions would require them to confront shortages as well as spending. This is an untapped use of participation in budgeting that could build engagement and trust even when funds are not available:

Summing up:

When there is deep disagreement about affordability, a PB project can only create or increase polarization in our community. Using PB processes to spend funds that are already allocated could reduce the overall cost of an initiative, if administrative costs can be accommodated. Making PB affordable in Portland in the near future would require creativity, a deep understanding of what's been learned elsewhere, a broad consensus among residents and government, and committed leadership. All of these may be in short supply during the demanding transition that is just beginning.

D. Potential unintended consequences

What risks might be encountered that could derail a PB program here, and can they be reduced or eliminated?

The long track record of PB around the world gives Portland a lot to draw on in considering its own prospects. We were charged with attending to the risks and downsides that might result from an unwise or poorly planned PB implementation. Many are mentioned above. Here we summarize and highlight the most compelling examples.

1. Lack of consensus about PB within Portland city government risks unnecessary competition and tension.

   The new city government creates new relationships among leaders, representatives, and bureaus—relationships that have yet to be built and stress-tested. If there is not a consensus among these agents about the affordability or use of PB, unnecessary tension, frustration, and conflict will follow the adoption of a PB program. City Club's very recent poll of council candidates, for example, shows that no such consensus now exists within that important group.

2. Stresses on the budget and the budgeting process risk generating increased acrimony.

   Budgeting in particular promises to be a challenge for the new council and the city leadership, given pressures on the budget in the midst of reforms to the process. Trade-offs and difficult decisions, with clear winners and losers, are likely. Developing and supporting a PB process that requires its own funding, plus incremental administrative costs, in the middle of this highly-charged environment is more likely to create and sustain animosity than collegiality at this time.

3. The timing of a city-wide PB adoption during the early phases of our city's government restructuring risks distracting leaders and representatives from critical tasks.

   Many have told us that the current government re-structuring project is expected to be all-consuming for those involved. If a large PB project becomes another priority, on top of those the new leaders are already wrestling with, failure somewhere along the line can be expected.

4. Too close an attachment to a particular form of PB risks poor integration and conflict with other initiatives.

   PB can be adapted and modified in many of its specifics without losing its essential benefits. One of the co-founders of *The Participatory Budgeting Project* has recently weighed in against "solutionism": the idea that one particular defined solution can solve all our problems: "Solutionism tends to misunderstand and misrepresent problems because it downplays the importance of context and the expertise of people already working on the issue. Thanks to its simple and enticing messaging, it often draws attention and resources at the expense of longer-term work that addresses the broader complexity and context of social problems." (Lerner, 2024)

5. Adopting a city-wide PB initiative primarily for civic engagement risks taking attention away from ongoing efforts that may be more effective or more affordable.

   Portland is already engaged in improving civic engagement across many fronts, including the city budgeting process. Some of these efforts are in their infancy. Taking resources (including time and attention) from these other campaigns to put a large city-wide PB program in place puts these at risk.

6. Pressures on Portland government employees risk damaging their capacity to support a city-wide PB program and perform their new jobs at the same time.

   Government staff are expected to have their hands full with new roles, responsibilities, and reporting relationships. As above, there are significant opportunity costs to adding a large PB program to their burden at this time.

Can these risks be avoided?

Careful planning and a creative use of PB may help Portland avoid unanticipated consequences. The question is whether such careful planning is a realistic priority for city leadership at this challenging time. Planning for a phased implementation, piloting processes on a small scale, beginning with something more modest than a city-wide effort, and waiting for conditions to be favorable are all options. The fact that many different versions of a PB program have met their goals suggests that a highly customized program, implemented skillfully to reduce its burden and enhance its potential, could help Portland reap the benefits of Participatory Budgeting.

Conclusions

These conclusions grow out of our study as documented in the preceding pages. Our charge was to study PB and to report on its potential for use in our city.[20]

The conclusions we draw from our research are grouped here under four themes. This chapter will summarize what we conclude about:

- The appeal of PB and its U.S. history
- The financial implications of adopting PB
- PB's impact on the civic engagement of residents, and their engagement in municipal budgeting in particular
- The most important challenges for Portland in considering the use of PB

In evaluating the appeal of PB and its history in the U.S., we conclude that:

> PB is a widespread and popular process with a broad range of variation in how it is applied. The claims made for its broad impact on effective budgeting and civic engagement, however, are not well supported by empirical data.
>
> Even so, a few U.S. cities appear to be using PB in a sustained way that meets the goals set for it and that justifies its costs. These cities appear to have three things in common: First is an incremental approach to implementation, based on learning from local experience. Second, a focus on resident control of spending decisions at a district or ward level, using funds already allocated. And third, broad community support that involves many civil society organizations and advocacy groups.
>
> The stated goals for PB programs tend to be attractive but hazy or abstract. Rigorous studies of PB's effectiveness in meeting these goals is rare. Our study of the experience of other cities, as compiled in our Findings, reveals that unexpected costs, risks, and undesirable consequences often lie behind PB's obvious appeal. Researchers in the social and political sciences (who study far more cities than we

[20] Our conclusions and the recommendations that follow are not dependent on the city's current financial and political situation. But we fully recognize that any PB program has unavoidable ties to the city's changing fiscal conditions. As of today, in early February 2025, that situation is summarized in a note from the city administrator that can be found here. News coverage from January 17, 2025 can be found here. Circumstances likely prevent consideration of the additional expense of a PB program for at least the next two budget cycles. And fundamental changes to the structure of city government (including changes to budgeting processes) will take time to play out, and a large-scale PB program can only interfere and/or compete with this process. Accordingly, the recommendations that follow are offered "as conditions permit."

were able to directly) continually cite limitations inherent in PB as it is typically implemented.[21]

In evaluating the financial implications of a PB program in Portland, we conclude that:

> PB can allow residents to decide how to spend funds that have already been targeted for a particular purpose.[22] This is its most common use in U.S. cities. Working within existing constraints allows residents to experience the trade-offs and balancing acts inherent in budgeting. One or more small-scale pilot projects, accessing previously targeted funding, may be feasible even as the municipal budget is under pressure.
>
> Proposals to adopt and institutionalize PB as a city-wide program funded through a charter change or citizen initiative appear to be nearly unprecedented in the U.S. and difficult to justify from the available evidence about PB's benefits. Other ways to identify funds useful for spending through PB are common.
>
> Even if PB is used to make spending decisions using previously allocated funds, some provision must be made for the costs of administration and overhead, which can be significant. Administration includes ongoing oversight and coordination of the PB activities, outreach and education to the community, meeting places and materials, evaluation, and other costs. Not included are potential ongoing costs of follow-up, maintenance, or operations related to projects that are approved and implemented.

In studying PB's potential impact on Portland residents' engagement in the budgeting process, we conclude that:

> PB programs' ability to involve a significant portion of the community in its activities is limited. Even the most positive reports show that no more than one in twenty residents participates. Most cities have set out to involve far larger constituencies, but few have made much progress. Costs rise dramatically when efforts are made to involve larger and larger pools of residents. The overall impact of a typical city-wide PB program on overall civic engagement is not well supported by the available evidence.
>
> With a few exceptions, the experience of participating in PB is reported to be strikingly positive for those few who are fully engaged. These positive effects are related to empowerment in making spending decisions, learning about municipal

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[21] We cite and quote many of these researchers in our Discussion/Analysis to show that what your committee discovered is backed up by authoritative sources. For more information, see *Potential Unintended Consequences* on page 51 and Appendix C: *How and why do PB programs fail?*

[22] See Appendix D for a breakdown of the types of funding that are typically spent through a PB process.

budgeting issues, collaborating with other residents, building community, seeing local needs met, etc. PB has an impressive impact on participants, but the percentage of residents participating is chronically low.
An interest in and commitment to civic engagement is not new to Portland. If PB is undertaken as a civic engagement strategy here, the lessons learned from years of attention to engagement—some successful and some not—should be mined and used.

In evaluating the challenges for Portland in considering the use of PB, we conclude that:

Any Portland PB program must be fully compatible with and integrated into the changes to government structures and budgeting processes now under way. Such a program must also be designed and developed by government and residents in collaboration, maximizing its potential for success.

Goal-setting will be critical for Portland. The stated goals for PB programs tend to be broad and unspecific, as noted above, but most fall into two categories: 1) improving the budget process by making it more responsive to resident needs and wants; and 2) involving more people directly in municipal decision-making, especially residents who are typically under-involved. These goals are inherently conflicting. More involvement tends to slow decision-making; more efficient processes tend to allow for less involvement. The structure of PB programs differs according to which of these goals is primary. Cities that have failed to resolve this conflict, either by finding a workable compromise or by getting broad agreement to go one way or the other, have seen their programs stall.

The challenge for Portland is to first decide what goals are most important and only then determine whether and how PB can help to meet them. Seeking first to adopt PB and then hoping to reap its benefits has things backwards. First comes clarity about what results are wanted and needed; subordinate to that is the consideration of what role PB can play. A lack of clarity about goals can lead to disappointment, as it has in other cities.

In summary

We are faced with a contradiction: on one hand, the popularity and reputation of PB is consistently high, not only in the U.S. (where a hundred cities use it) but around the world (where the World Bank continues to promote the practice).

On the other hand, we have searched in vain for solid evidence of its broad impact on important goals, while smaller-scale localized programs appear to be where PB pays off best. We suspect that the “scalability” of PB is limited. Our evidence for this is in the sustained use of PB in larger cities at the district or ward level rather

than city-wide and in the fact that smaller cities—with some exceptions—appear more likely to be satisfied with their PB efforts over time.

PB is not a perfect process. It is not automatically successful, does not lend itself to one-size-fits-all implementation, is far from a quick-fix or an off-the-shelf product, and requires strategic and informed decision-making at the local level. Where these issues have been confronted and planned for, there is evidence that cities benefit from using PB.

PB does not require its own dedicated funding, even though recent proposals in Portland have claimed otherwise. Instead, PB can be used—and is being widely used—to make spending decisions about funds already allocated to a particular purpose, such as recreation or infrastructure.

These facts create an opportunity. We believe Portland should explore participatory budgeting.[23] A plan of action for doing so is outlined in the following pages.

[23] In this we are pleased to see that the Government Transition Advisory Committee [GTAC] has also, in a few words, suggested such an exploratory step.

Recommendations

Your committee endorses a limited pilot program to explore participatory budgeting. If a pilot project meets its goals, the use of PB at the district level would be the best way for Portland to achieve benefits from the use of PB.

Phase 1 – a pilot program

The case for a pilot program

Our conclusions acknowledge the mixed findings we compiled about PB as a practice for improving municipal budgeting and enhancing civic engagement. In short, PB's popularity creates a halo around it that appeals to those interested in better government and better budgeting, while concrete results are hard to find.

We think that a local pilot program, undertaken as soon as economic conditions permit, will allow decision-makers to determine whether Portland can join those other U.S. cities who have made PB pay benefits and justify its costs.

PB can be used to make spending decisions about funding already dedicated to some appropriate purpose (such as infrastructure or specified city service) or a particular population (like youth, senior citizens, or an historically underserved group). In such a case, the additional burden is the incremental cost of administering PB.

One or more small pilots can test the waters and keep these costs to a minimum. These small trials can test these hypotheses:[24]

1. Whether PB provides the municipal government with better data about residents' needs and wants;
2. Whether PB both educates and engages residents with significant enough impact to justify its costs; and
3. Whether PB can complement the new city governance structure and proposed revisions to the budgeting process.[25]

It may be feasible to partner with organizations outside the government to support such a pilot project, reduce its incremental costs, and allow for more immediate action. While it is outside our scope to research potential partners, we think there may be potential in local or regional academic or philanthropic organizations—some of which might also serve as

[24] The first two of these restate the most common claims in favor of PB. As discussed throughout this report, we find limited concrete evidence to support these claims. Despite PB's popularity, we believe these are open questions. We present them here as hypotheses that need to be tested locally before they can be embraced in Portland as features of PB.

[25] Portland is in a unique position: the municipal government structure has just now been changed in major ways, and significant revisions to the budgeting process have been proposed and are being implemented. Hypothetically, PB can be a useful complement to these activities, but this cannot be taken for granted.

evaluators of the effectiveness of such a pilot. Some civil society organizations interested in good government might also provide support.

Advocates will point out that the experience of other cities can serve as "pilots" in a way for Portland, and it is true that the lessons from these cities are extremely valuable. But our study clearly shows that what works in one city seldom works perfectly in another. Only a limited, small-scale pilot can test PB in Portland and evaluate its hypothetical contribution to our unique goals and priorities.

A framework for getting started

- The Finance Committee of the new city council should create a subcommittee to respond to GTAC's recommendation to "explore participatory budgeting," starting with a thorough review of this report.

- This subcommittee should prepare a report to the Finance committee and then to the full council as a part of the FY 26–27 budget planning process, including their assessment of our recommendation for a pilot program and developing a project plan that includes:
  1. Concrete goals for initiating and evaluating a pilot;
  2. A feasible timeline;
  3. Existing service area(s) where planned spending would lend itself to resident decision-making using PB;
  4. A source of funds for administering a pilot, from inside or outside city government;
  5. An administrative structure for the pilot[26];
  6. Potential partners among local non-governmental groups; and
  7. Independent organizations who can provide objective evaluation.

- Following the pilot, the subcommittee should evaluate the results and make a recommendation to the Finance committee and then to the full council regarding a PB implementation.

Phase 2 – After the pilot

If the city council concludes, as a result of the pilot and when economic conditions permit, that PB should be adopted in Portland, we recommend—based on what we have seen in other cities—that a district-based approach, with funding allocated to districts for discretionary spending, would be the most likely to succeed.

Such a program, if justified by a pilot project, would meld nicely with the new district-based city council. In some cities this arrangement has also helped newly elected city council members get a handle on what their communities really want and need: an

[26] The city's recently established *Engagement Officer* role and the existing *Civic Life* department are in a perfect position to work with the council to develop and administer a pilot program.

advantage considering the very large size (~157,000 residents each) of our four new districts.

A district-based approach can also be focused on a particular service area, further narrowing the scope and limiting costs and risks. As a result of the pilot program, it should be clear whether using PB for specific service area spending would be appropriate, whether all districts should participate, and whether moving toward a city-wide program would be advisable at some point in the future.

Committee

Respectfully submitted,

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Appendices

A. Differences between worldwide PB and PB in the U.S.
B. Examples of PB Cycles from Three Cities
C. How and why do PB programs fail?
D. Detailed analysis of PB variations and options
E. Detailed analysis of evidence for and against PB

Appendix A:

Differences between worldwide PB and PB in the U.S.

While the core principles as described here are similar globally, there are notable differences in how PB is implemented in the United States compared to other parts of the world. Here are some key distinctions:

Rest of the world:	In the U.S.:
Origins and Scale Participatory budgeting originated in Porto Alegre, Brazil, in 1989. In many countries, especially in Latin America and Europe, PB is often implemented at a large scale, sometimes encompassing entire cities or regions. The process in these countries typically dedicates 1–2% of the budget to PB (one very early project in Brazil used 20%) with a focus on addressing issues like poverty, infrastructure, and social inequality.	PB was introduced later in the US, around 2009 in Chicago, and is usually implemented on a smaller scale, often at the district or neighborhood level. In the US, PB processes typically involve a smaller portion of the budget, often less than 1%, and are more focused on community development, civic engagement, and local improvements rather than broad social change.
Focus and Objectives In many countries, PB has been used as a tool to reduce social inequalities and increase transparency in government spending. The focus is often on essential services like housing, education, and healthcare, with a strong emphasis on social justice and inclusion of marginalized communities.	The focus in the US tends to be on fostering civic engagement, improving local amenities, and building trust between government and communities. Projects often include things like park improvements, public art installations, and community gardens. While social justice is a component, it is not always the primary focus.
Legal Framework and Institutionalization In some countries, PB is mandated by law or strongly encouraged by national governments. For example, in Brazil, PB processes are often supported by local legislation that ensures a minimum percentage of the budget is allocated through PB. This legal framework helps to institutionalize PB and make it a more permanent part of the budgeting process.	PB is not usually mandated by law and is often initiated by local governments, elected officials, or community organizations on a voluntary basis. This can make sustaining a PB program more vulnerable to changes in political leadership and funding availability. The process is less institutionalized and often depends on the advocacy of community groups.
Participation and Inclusivity Participation in PB in other countries often involves a broad cross-section of society, including marginalized and low-income groups. In some cases, there are targeted efforts to ensure the inclusion of underrepresented communities.	Participation can vary widely depending on the locality. While some US cities make efforts to engage marginalized communities, others invite all residents to participate. There is a growing emphasis on increasing inclusivity, and making participation more representative.

Outcomes and Impact

PB has often led to significant social and infrastructural improvements, particularly in countries like Brazil, where it has helped to address urban inequality and improve public services. The impact is often visible on a larger scale, with substantial changes in local governance and resource distribution.

The impact of PB in the US tends to be more localized, with benefits often seen in specific neighborhoods or districts. The projects funded through PB are usually smaller in scale, such as playgrounds, street improvements, or community events. The broader impact on social equity and governance is less pronounced compared to other countries.

Funding Sources

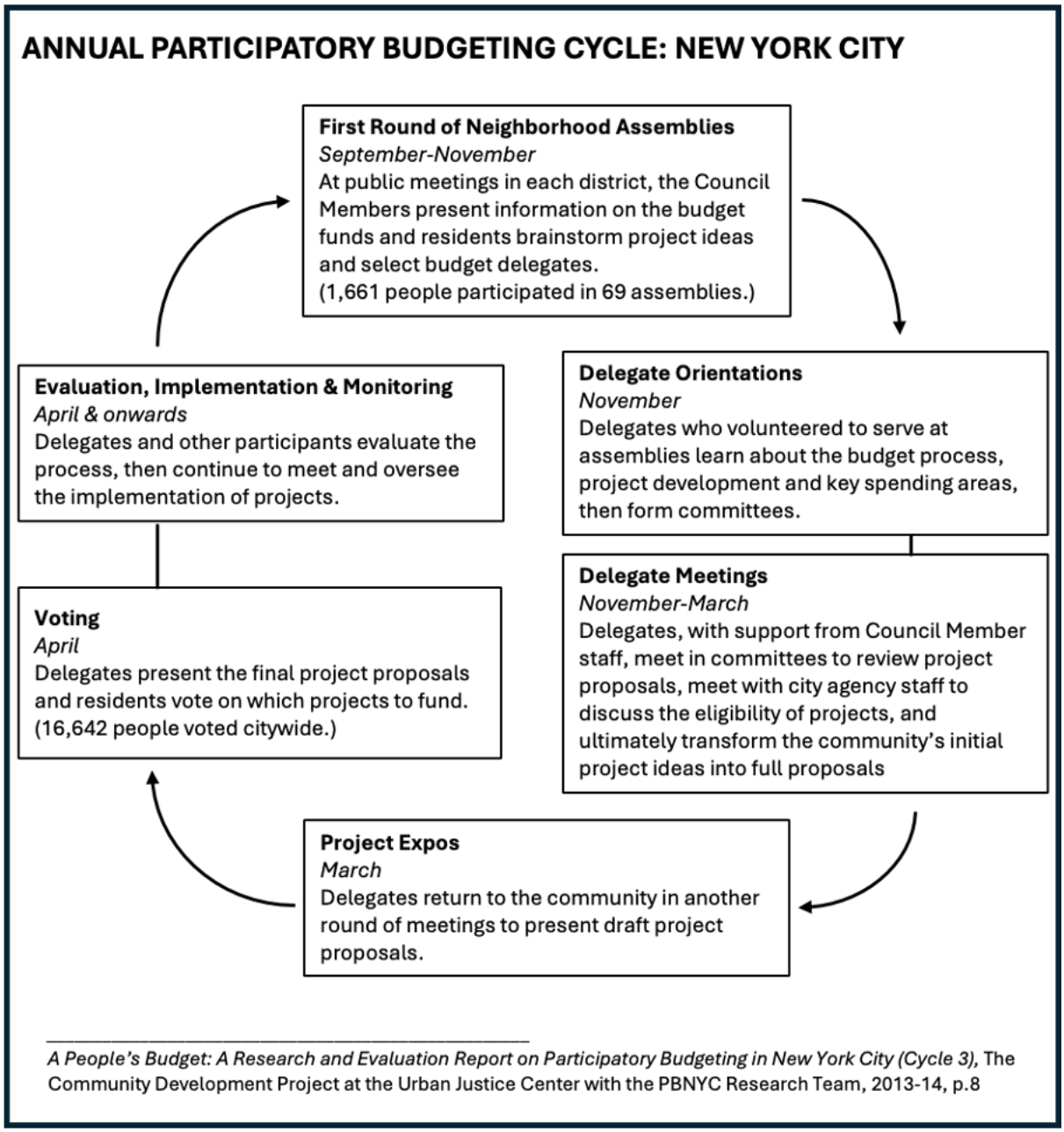
PB funds in many countries often come from the general municipal budget, with a significant portion allocated to the process.

PB funds in the US are frequently sourced from discretionary funds allocated by city council members or other local officials. This can limit the scope and scale of the projects that can be undertaken.

Appendix B:

Examples of PB Cycles from Three Cities

The following detailed map of a typical PB process comes from the experience of New York City, perhaps the most thoroughly developed and sustained use of PB in the U.S. to date. Note the month-by-month annual timeline. Some PB project cycles involve longer timelines of up to two years or more.



A People's Budget: A Research and Evaluation Report on Participatory Budgeting in New York City (Cycle 3), The Community Development Project at the Urban Justice Center with the PBNYC Research Team, 2013-14, p.8

As evidence of the diversity of PB applications, here is a local example of a more complex PB program used to distribute funds from a recent bond issue. This diagram outlines the initial preparation and planning steps that precede the PB cycle as well as final evaluation and feedback:

Large Projects

1) The Program Design and Review Committee takes a summary of the community priorities survey to potential project implementers.

2) Potential project implementers identify projects that align with stated community needs and desires.

3) A Preliminary Community Vote is held to identify a pool of potential projects to be further developed.

4) Implementer staff develops projects ideas into complete project proposals and grant applications for a Final Community Vote.

Community Vote

1) Project expos present the final pool of potential projects for funding.

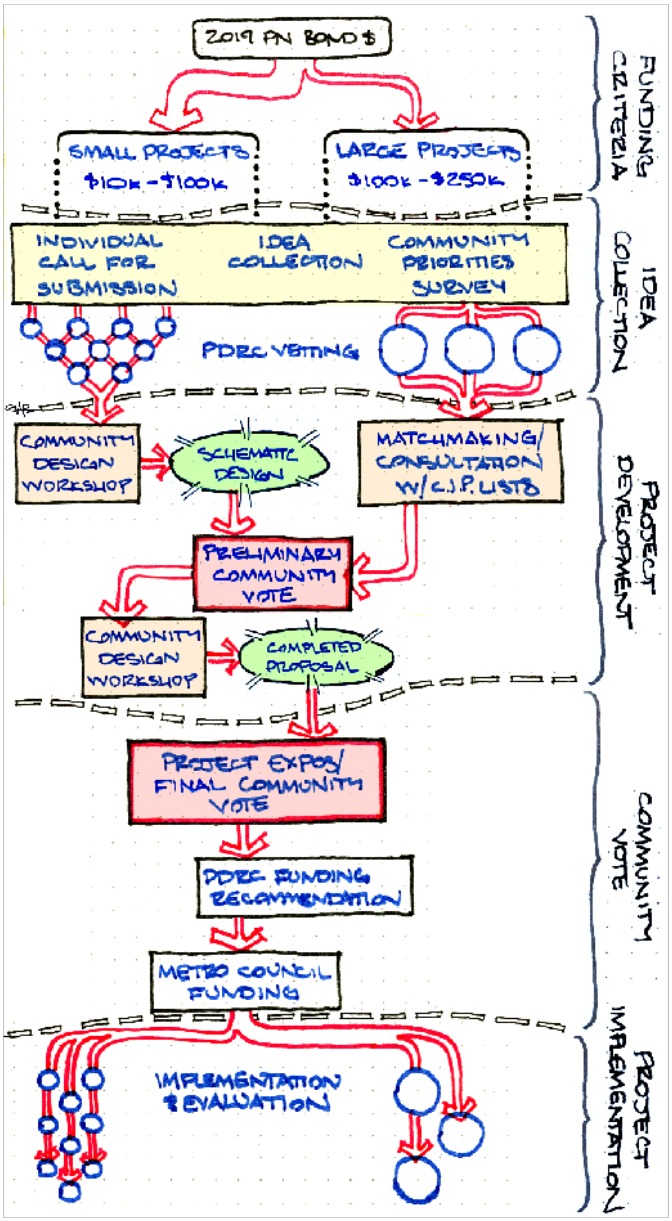
2) The community votes on two slates of projects, large and small, online or in-person.

3) Community vote results are forwarded to the Program Design and Review Committee for their recommendation.

4) The Program Design and Review Committee recommends funding to the Metro Council.

5) COMMITTEE RECOMMENDATIONS

The Program Design and Review Committee approved the implementation framework shown in Figure 4 with the caveat that it includes robust community engagement at every stage.



Metro "Nature in Neighborhoods Community Choice Grants Guidebook," January 2023

The PB cycle in action from Vallejo, California (the first city-wide PB program in the U.S.). Note the duration of a cycle in Vallejo: nine months of activity from initiation to beginning implementation of the chosen projects.

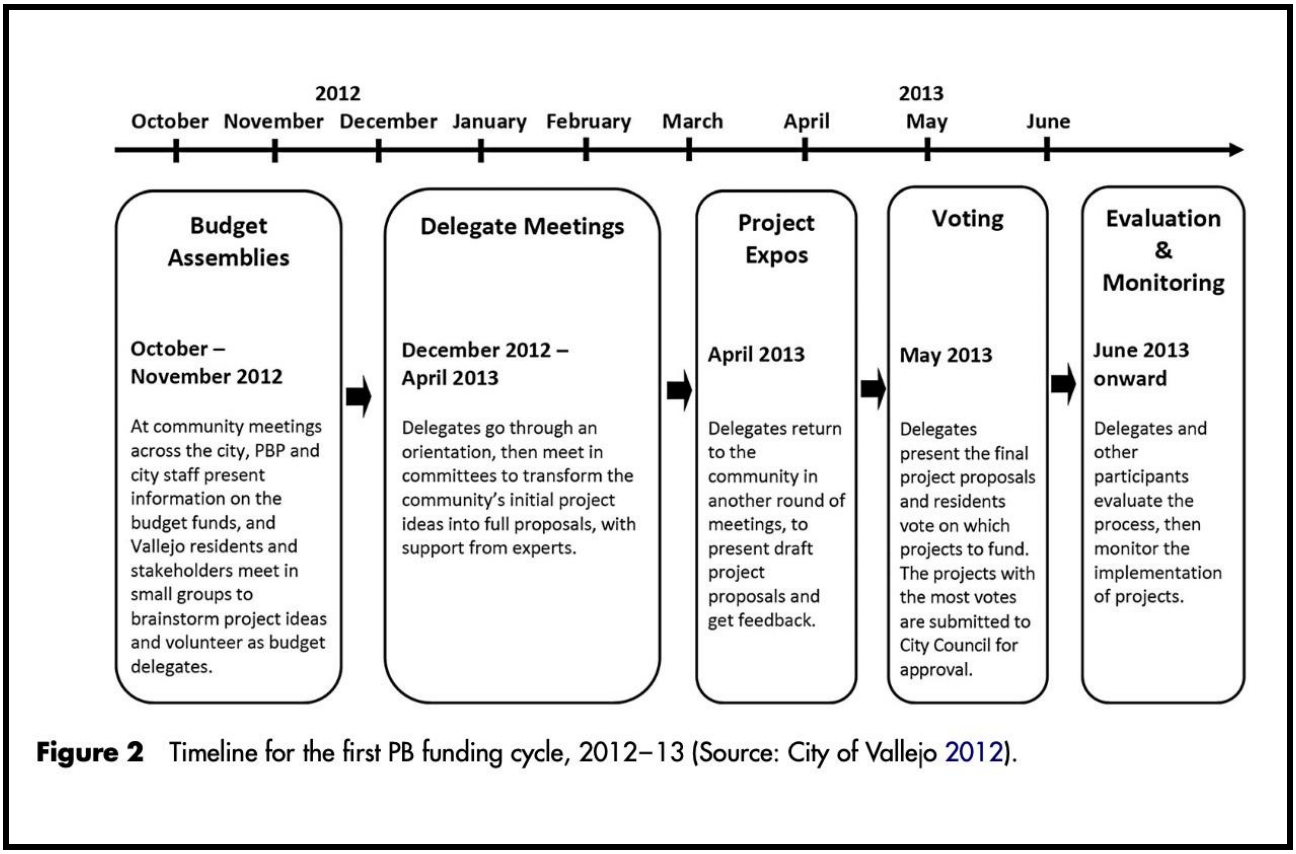


Figure 2 Timeline for the first PB funding cycle, 2012–13 (Source: City of Vallejo 2012).

Davidson, Mark (2018)

Appendix C:

How and why do PB programs fail?

The widespread use of PB across the world over the past 30 years provides many lessons. Despite its popularity, not all programs have succeeded. Not many have been sustained over many years. Some that gained huge positive press early on have diminished, as in Brazil. The literature on what causes PB to fail or not to achieve its goals is vast, but the key failure modes are relatively few. Here are the most widely cited, compiled from a wide range of sources.

Lack of Sufficient Funding

Many PB projects are funded through small portions of local budgets, often discretionary funds allocated to individual districts, wards, or city council members. Funding may be so limited that the resulting projects are seen as trivial or unimportant.

A PB program that is too limited to address important community needs can frustrate participants who see PB as only a token effort. This weakens participation over time and may stall a program entirely. Also, PB is offered as a tool for meaningful change; trivial results betray that promise.

Low Community Engagement

The success of PB depends on broad and deep community participation. But in most US cities participation rates (the percentage of residents voicing needs and voting on potential projects) rarely reach 5%.

Low participation almost certainly results in unrepresentative or weakly representative input. Only those with time, energy, and interest may be heard from. Civic engagement is one of the most powerful arguments for PB, yet low participation rates are very common. Low participation by unrepresentative groups can cast doubt on the legitimacy of the process and on its outcomes.

Inequitable Participation

When only a few volunteer members of a group participate in PB, that group is not likely to represent their larger community accurately. In such cases, the well-documented bias toward participation by middle- or upper-class residents can threaten the integrity and reputation of the PB process. The voices in the process may be largely those of more affluent or politically connected residents. Special interests with the resources to select and motivate voters may have undue influence on the results.

If residents conclude that PB merely replaces one small group of decision-makers with another, the public's sense of engagement may be worse than before. Projects may yield

benefits only for certain groups, which worsens the inequalities PB promises to alleviate and undermines the social justice goals of a PB initiative.

Lack of Political Support

The collaboration of elected officials and government employees with an active PB project is critical to success. If this relationship is weak, uncertain, or fundamentally adversarial, traditional power dynamics can upend and compromise PB effectiveness. This goes beyond support by local government; PB requires and alliance between government and residents that can create a win/win outcome.

Without strong political backing and mutual engagement by government and residents, PB projects may be delayed, underfunded, or not implemented at all, leading to disillusionment, a loss of faith in the process, and erosion of trust in local government.

Poor Project Implementation

Through PB projects are proposed and then selected. But then they need to be implemented, a challenging step under the best of circumstances—as city government knows. The same bureaucratic delays, lack of coordination among departments, and insufficient follow-through that challenge many city governments can hinder the successful completion of PB projects.

If projects are not implemented as promised, PB can be seen as untrustworthy and not worth the effort it takes to participate. Poor implementation can lead residents to perceive it as "no better than business as usual."

Limited Scope and Vision

Even if funding is sufficient, PB projects are often limited to small-scale efforts like park improvements or street repairs. This narrow scope limits the transformative potential of PB and reduces its potential to address, on its own, larger systemic issues such as housing, education, or healthcare. "Starting small" may be a wise change-management strategy, as long as it does not perceptually anchor the PB process in trivial changes.

Participants may feel that PB does not address the most pressing needs of their community, leading to disengagement and skepticism about the process's value and impact.

Inadequate Facilitation and Support

An effective application of PB requires skilled facilitation to educate the public, design the detailed project plan, recruit and prepare the participants, guide them through the process, ensure inclusive decision-making, and provide information about budgeting and the feasibility of projects. Poor performance in these areas, and/or insufficient resources made available for them, threatens the PB process. Outsourcing some or all of these responsibilities requires attention to contracting in order to retain control by government and residents and to build their capability for the future.

Without proper facilitation, the process can become confusing or inaccessible, particularly for participants who may be unfamiliar with budgeting or local government processes. This can lead to disengagement and reduced effectiveness.

Complex and Lengthy Processes

PB processes are necessarily complex and time-consuming and require significant commitment from participants over several months. Attending multiple meetings, understanding detailed budget information, and navigating bureaucratic procedures are challenging for anyone, especially those with limited time or resources.

If the process is perceived as too complex or burdensome, it can lead to participant fatigue, abandonment of the process, and an ineffective PB initiative.

Insufficient Public Awareness

Educating and informing the public about a PB initiative is both a critical success factor and an expensive proposition. Such efforts can readily be under-resourced. It may not be enough to inform community members; some level of education may be necessary to prevent misunderstandings and to calibrate expectations for the program.

Low public awareness and/or poor comprehension of the features of a PB initiative can result in low turnout, insufficient participation, and a lack of community support—all essential components of a successful implementation.

Conflicting Priorities

The purpose of PB is to set priorities from the perspective of residents at the grassroots. The perceived need for PB sometimes comes from dissatisfaction with priorities set by the local government. Obviously, some "new" priorities set through a PB process will conflict with priorities set previously or through other means. Projects chosen through PB might not align with existing development plans or budgetary constraints.

This can create or escalate tension between the community and its local government. PB projects might be overridden, modified, or not fully realized, leading to frustration and distrust in the process.

Appendix D:

Detailed analysis of PB variations and options

Sources of funding

Sources are either one-time or continuing. Some sources pre-exist a PB program; in other words, PB is a way to spend funds previously allocated. PB tends to use "discretionary" funds, although how that term is understood varies.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Special funding from government entities or another source. May be a one-time opportunity (like federal COVID-19 relief funding, used to kick off many U.S. PB programs) or a continuing program. A few programs use Tax Increment Financing (TIF) or Community Block Development Grant (CBDG) funds. PB is just one way that spending decisions for these funds can be made.	Potentially large, especially if from the federal government (e.g., ARPA); does not affect ongoing city budget.	Difficult to sustain as funding runs out. Can lead to an unfunded mandate that affects future general fund budgeting.	"Youth Voice, Youth Vote" was initiated (2022) with $500K in ARPA funding; The "Arts Tax," the Metro Parks & Nature Bond, and PCEF are local examples of such special funding.
Institutionalized funding carved-out from an existing government discretionary budget and explicitly dedicated to spending through—and only through—a PB process.	Can be done annually by ordinance or institutionalized for the long term by charter amendment or citizen initiative.	A zero-sum option that diverts money away from the city's ordinary budgeting process.	Both recent PB proposals in Portland aimed to divert a small percentage from the discretionary portion of the general fund for exclusive PB use.
Targeted funding already allocated (as discretionary spending) to some existing group of people (e.g., an underserved population); some identified public service (e.g., parks, schools, street repair); or some administrative entity (a political district/ward or geographic neighborhood) and then later distributed through a PB process.	Residents decide how to spend funds that have already been budgeted. PB takes place downstream from the larger budgeting process and with less impact on overall financial management.	The scale of the effort is less than city-wide. May saddle city departments with ongoing costs for maintenance and/or administration.	Potential for PB use within the new districts, within the neighborhood association structure, and/or by certain city bureaus as appropriate. Small scale PB projects would likely be easier to integrate into ongoing reforms.
Municipal bonds are occasionally mentioned as a funding source, but we have found no solid examples. Some PB programs focus on	Can be issued by the city itself.	PB projects not likely to generate enough revenue on their own to pay back	

capital improvements, and some of these rely on bond issues for funding.		principal and interest and may have to be backed up by increases in local taxes.	

Scope of funding

Funds can be directed at PB use across the city all at one time. Alternatively, PB is being used in a more limited or targeted way: (1) In one or more geographic divisions of the city, such as districts or neighborhoods; (2) In connection with a particular city service or bureau, such as parks, streets, or other infrastructure; (3) To benefit a selected population, such as a school/youth group or a disadvantaged population.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Geographic focus			
Citywide	All areas of the city get the same treatment; all city residents get to participate; a unified/standard process. Easily combined with a service-level program (see below).	Equal but potentially inequitable. Needs differ across groups and neighborhoods. Outreach could be more complex and costly.	Goals of current reforms explicitly aim at equity, suggesting that PB should be used to direct resources toward the most needy.
District	Offers each district a way to meet its unique needs; allows for equal or equitable distribution; requires district council members to work together; could bring neighborhood coalitions and district council members into alignment; projects may have greater "close to home" impact and visibility.	Some districts may lack basic services and a solid foundation to build on; districts are large and may encompass large variations in needs; depends on stable governance which may be a challenge amid so many changes; districts may not be able to support PB infrastructure.	Aligns well with new district structure.
Neighborhoods or coalitions	Allows neighborhoods to address immediate needs; aids community-building; builds on long-standing neighborhood association structure. Could serve to reform and re-invigorate the neighborhood associations.	Unless administrative costs are shared or funded centrally, administering PB programs may be beyond the reach of neighborhoods or coalitions. Existing assemblies are subject to criticism about representation and effectiveness.	

Scope of funding: continued

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Government service/function/bureau focus			
Service level	Lends itself to a phased implementation or to pilot programs for PB. A very common form of PB across U.S. cities yielding a large amount of learning to build on.	Some cities initiating PB in this way have found that the effort tapers off after a backlog of projects—"low-hanging fruit" — have been addressed.	The current reforms may create opportunities to re-think the functions of some bureaus and provide opportunities for PB to help.
Focus on specific resident population			
Demographic category	The most rigorously targeted use of PB. Examples include youth, BIPOC groups, seniors, et al. For many groups, community organizations are potential partners.	May be difficult to identify target groups responsibly; lends itself to perceived competition between and among targeted groups. May be politically volatile.	
Other identifiable populations	Health status has been used in at least one city. Early PB in Brazil used a "quality of life" survey tool to identify groups with the greater needs.	The practical advantages of addressing defined groups can be undermined by perceived inequities in who gets to participate in PB.	The *Portland Insights Survey* provides a potential means of targeting groups to be involved in PB.

Outreach to community

Communicating the purpose and the processes for PB are critical and can be accomplished in several different ways.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
By central city government	Economies of scale; uniform messages; single source for consistency.	May be perceived as contradicting PB's promise of local control and decision-making.	Reforms may not have progressed to the point where city government is perceived as a reliable source.
By district council offices	May boost the reputation of the new district leadership; good for district and neighborhood funding/projects; maximizes interaction between council members and their constituents.	May not be a good fit if city-wide funding is needed for city-wide projects; outreach can be expensive and may not be affordable at the district level.	District offices will be lightly staffed and possibly overwhelmed for the near future.
By or through existing community organizations with city affiliation (neighborhood associations, coalitions)	These groups already know the area and are knowledgeable about local civic issues.	Groups are not certain to be representative of an area and may function as special interests; these groups involve residents who are already engaged: bringing in additional, under-involved residents may be difficult.	
By community groups, non-profits, NGOs	Can provide perspectives and connections beyond city-affiliated groups.	If outreach is spread across multiple organizations within a region, high levels of coordination and administrative support would be needed.	The *Portland Insights Survey* page lists these four: ● *Community Engagement Liaison Services* (CELs); ● *The Miracles Club*; ● *Multnomah County Youth Commission*; ● *Portland All Nations Canoe Family*; ● *The Rosewood Initiative*

Scope of projects

Projects funded through PB are of two types: capital/infrastructure; and programs, usually ongoing. Most PB programs limit projects to one or the other.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Capital-only	Most of the cost is in the initial construction, but the benefits pay out over a longer period; a physical result is highly visible to the people who voted.	Downstream maintenance will be needed but unfunded; capital projects can be expensive in Portland; a long list of capital projects is already in the queue for bureaus and departments.	
Program-only	Very popular with residents; can be less expensive to start up; benefits are immediate.	Funding for a second or any subsequent year is not assured unless taken up by other means; new programs would need to be aligned with existing departments and bureaus.	

Who can propose ideas/projects

This is typically a process with ideas submitted to a central location or an event open to the public.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Residents individually	Fosters the most direct and immediate connection between residents and a PB program.	Creates an unfiltered collection of unprocessed ideas that will need further study and filtration.	
Residents, via assemblies	The method preferred by experienced advocates; such assemblies may evolve into new communities of engagement that persist year-over-year.	Greater costs involved in planning, holding, and facilitating such assemblies; recruiting and selecting participants requires careful planning; some residents are not available to participate.	The Portland area is rich in expertise related to such assemblies; see, for example, Healthy Democracy (healthydemocracy.org)

How to assess project feasibility and estimate cost

Not all ideas residents raise are feasible; there are several methods used to assess projects for feasibility.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Existing city staff in collaboration with residents	The most knowledgeable group regarding project feasibility, cost estimation, overlap with existing projects, etc.	Not generally recognized as a core job function today; requires commitment to making PB work; collaboration with residents requires significant oversight and facilitation.	Ongoing changes in staffing and job responsibilities will make coordination of this issue especially challenging at this time.
Volunteers with city administrative experience, in collaboration with residents	Same strengths as above, if such volunteers exist in sufficient numbers	Effort required to recruit and select volunteers with knowledge and ability, beyond their willingness to do the work	

Who can vote on projects/proposals

In most PB programs, voting is open to all residents. In a few cases, there are limitations or certain people are targeted for participation.

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
All residents over a certain age, throughout the city	Engages residents citywide on common issues	Difficulty in defining "resident", ensuring the integrity of the vote, preventing proxy voting or ballot harvesting; unlikely to represent the larger community accurately; unreasonable to expect participation rates above the single digits, based on broad experience in US cities to date.	Advocates for PB blame decision-making by small unrepresentative groups as a reason for adopting PB; self-selected voters in small numbers fail to address this problem.
All residents over a certain age, from a district	Applies if district-specific funding is used (see above).	Same as above	
All residents over a certain age, from a neighborhood or neighborhood coalition	Applies if neighborhood- or coalition-specific funding is used.	Same as above	
A selected representative ("stratified") sample of residents	A small group more likely to represent the entire community or	Additional expense in the selection process; requires additional	Such stratified sampling is used for the *Portland Insights Survey*

	neighborhood than self-selected participants; less likely to be "captured" by interest groups.	outreach to create support for this method; not everyone who wants to participate can do so.	administered by PSU; the knowledge required to do this exists in the city.

Voting method and alternate decision methods

Voting in the way most are familiar with—one person, one vote—is nearly universal. However, concerns about participation rates are provoking discussion of other methods in the literature. The only city we have found that has experimented with alternate methods is New York, where sortition has been used (see Glossary).

OPTIONS	ADVANTAGES	DRAWBACKS	IMPLICATIONS FOR PORTLAND
Approval (top choice or choices by number of single votes)	Easiest to understand and most familiar	Not responsive to budgeting limits; allows for split votes; see the current discussion related to ranked-choice voting.	
Knapsack (total cost of projects chosen must not exceed a certain amount)	Requires a sort of "budgeting" in the vote itself; voters must consider the relative cost of different options rather than simply vote for their favorites; online Knapsack voting simulators and platforms are easily available.	Not well suited to paper ballots; may exclude some potential voters uncomfortable with online platforms or with limited access to the internet.	
Ranked-choice (RCV)	RCV will be a known technique in Portland; can be combined with Knapsack voting to reap the benefits of both.	Does not require automation in the act of voting, but does in efficient tabulation. Paper ballots can be used. Otherwise, same as above.	By the time a PB program is in place, RCV may be familiar to most residents.
"Token" voting: distribute a set number of tokens (votes) among the available options	Provides the voter with more nuanced options; allows voters to indicate the strength of their preferences.	Easier to use with paper ballots than some other alternatives.	
Deliberative decision-making methods other than straight voting, including sortition: decision by assemblies or other group meetings	Allows for selection of projects through guided discussion and consensus; much deeper assessment of costs/benefits, utility, true preferences; more likely to yield a coherent set of choices rather than a ranked list; aligns resident decision-making with the processes used by elected and appointed government agents.	Cannot be used with universal participation but only with representative samples of the population (see above); costly to administer and facilitate; requires community agreement with the method and radical transparency in order not to appear that decisions are made in a "smoke-filled room."	

Appendix E:

Detailed analysis of evidence for and against PB

Claims in support of PB

Claims in favor of PB:	Evidence from Interviewees	Evidence from Empirical Research
Redistribute funds to historically underserved communities.	• An example is the school improvement project in low-income communities, which aligns with Chicago's PB goal of fostering equity and inclusion. • Seattle's PB distributes funds to historically underserved communities, specifically targeting Black, Indigenous, and People of Color.	• LA's PB process (LA REPAIR; Reforms for Equity and Public Acknowledgement of Institutional Racism) allocated $8.9 million to communities deeply affected by the history of racial and economic injustice.[27] • The Brazilian PB processes aimed primarily to distribute socioeconomic resources and encourage tax payment.[28]
PB brings communities that were previously excluded (marginalized) into government decisions.	• In Chicago, the demographic composition of the usual suspects (older, wealthier, white men) changes with time to include younger and more diverse groups, and more young black men are starting to attend PB events. • NY's PB targets diverse community members drawn from youths, seniors, veterans, LGBTQIA+, public housing, English as a second language, people with disabilities, and justice-impacted groups. • San Francisco's PB process recruited neighborhood council members representing different age groups, gender, race, etc., to spearhead PB's goals, methods, and voting.	• Representation in deliberative processes is enhanced through a robust and random selection of participants ranging from 20–100 representative citizens, community staff, experts & policy makers, etc.[29] • Representation is also enhanced through different participatory approaches like mini-publics, deliberative panels, citizens' juries, conversation café, citizen assemblies, and online deliberation, offering diverse community members various avenues to participate.[30] • NY City's PB process incorporates a Citizen Assembly model to recruit and enhance the representation of historically marginalized communities in deliberative decision-making.[31]

[27] Repair.LACity.org.

[28] Falanga & Luchmann (2020).

[29] Democratic Society (2021).

[30] Ibid.

[31] Civic Engagement Commission (2023).

Claims in favor of PB:	Evidence from Interviewees	Evidence from Empirical Research
Increased levels of civic participation.	● Chicago's experience with participation depends on how forums are facilitated; for example, a brainstorming session may have large participants attending but not necessarily involved in deliberations as expected. ● NY's PB design incorporates a deliberative process based on a random selection of participants (active sortation), where the selection process guarantees participation across the different phases of PB. ● NY has observed increased numbers of residents becoming interested in civic life in their neighborhoods after the PB process. About 100,000 people attend PB events. ● Cleveland is skeptical of PB's ability to increase participation, except for observations in Chicago's District 44, which has existed for many years compared to other US cities.	● It enhances social learning, community building, and better decisions.[32] ● While there are few (or no) evaluations on the number of participants during PB's initial phases, reports indicate prevailing fluctuations in the number of people voting in PB processes. Furthermore, the number is deficient compared to the overall population of a region.[33] ● PB processes in Brazil and Portugal increased civic participation by targeting direct and representative community members with significant power to propose and vote for projects.[34] ● Research highlights that PB processes in many countries have increased civic participation by encouraging community members to use the consensus model (or voting when consensus is not met) to propose local budgetary programs. Examples are in Kenya, Mozambique, Indonesia, Philippines, and Senegal.[35]
Builds a pathway for engagement in other areas (voting in PB elections, voting in general elections)	San Francisco attempted to change their general voting age after seeing successful voting of youths (16 years and above) in the PB process, though it failed. PB in Cleveland (and an overall observation) has failed to increase voter turnout in both PB and general election; <3%!	Research indicates a potential increase in voter participation (e.g., NY), voter campaigns (e.g., US and Canada), voter turnout (e.g., Prague, Czech Republic; Porto Alegre, Brazil), and political participation (Argentina, Uruguay, Brazil, NY, London) after participating in PB processes.[36]

[32] Democratic Society (2021).

[33] Zachary Roth (2022, August 23). Making Participatory Budgeting Work: Experiences on the Front Lines.

[34] Falanga & Luchmann (2020).

[35] Wampler & Touchton (2017).

[36] People Powered: Global Hub for Participatory Democracy, Research Brief.

Claims in favor of PB:	Evidence from Interviewees	Evidence from Empirical Research
Builds a pipeline for future leaders or newly elected leaders to understand their constituents better.	● Mayors and councilors in Chicago, New York, San Francisco, and Portland have previously been elected based on promises to adopt and implement PB in their regions. However, Portland's PB initiatives never materialized. ● Young progressive (and some non-progressive) elected officials in Chicago use PB to enhance their visibility and engage with the community.	● Research suggests that newly elected leaders are 52% more likely to adopt and implement PB as a symbol of renewed political representation and coalition building.[37]
Fosters budget transparency and accountability	● Many PB processes follow a prescribed method of PB rubric development, idea collection, brainstorming sessions, voting, and funding winning projects. This process lets residents know how the projects and funds are distributed across their regions. ● Many cities make the PB process as open and transparent as possible by translating the projects into multiple languages to promote the inclusion of non-English speakers.	● Research suggests that PB initiatives significantly increase budget transparency and foster greater engagement.[38]
Builds more trust in the budget process overall	● New York City's PB processes are designated as a means for increasing public trust, and people develop trust when they know that they were listened to through PB. A Civic Engagement Commission evaluation of the New York City's PB process indicates that public trust increased by 25% after participating.	● Research shows that PB bolsters local governments' legitimacy and gives people a positive view of government officials.[39]
Staff (not necessarily management) in the budget office want PB so that they have more direct contact with the public.	● In San Francisco, a district supervisor opted for PB to enhance civic involvement in fiscal resource allocation and promote quality of life for residents.	● Research suggests that public officials perceive PB as a valuable initiative for prioritizing citizen input, significantly where PB adds value to public decisions.[40]

[37] Jacquet et al. (2024).

[38] Crossman, H., & Fischer, D. (2016). Participatory budgeting and transparency in municipal finances. *Journal of Accounting, Ethics and Public Policy*, 17(3), 663–681.

[39] Swaner, R. (2017). Trust matters: Enhancing government legitimacy through participatory budgeting. *New Political Science*, 39(1), 95–108.

[40] Migchelbrink, K., & Van de Walle, S. (2022). Serving multiple masters? Public managers' role perceptions in participatory budgeting. *Administration & Society*, 54(3), 339–365.

Claims in opposition to PB

Return

Claims against PB:	Evidence from Interviewees	Evidence from the Literature
Administrative costs for a well-run program are significant, even for one that distributes a small amount of funds.	• Most cities (New York, San Francisco, Cleveland) struggle with sufficient human capital to help implement PB. In Cleveland, PB is perceived to increase operational costs that would have otherwise been used toward the project needs. Instead, cities often set aside a percentage of the total PB money to support administrative and operations expenses.	• Research shows that PB initiatives account for increased administrative costs that directly influence government expenditures.[41]
If funding comes from cuts to other service areas, creating a potential problem for residents and businesses that use those services.	• PB in Cleveland would harm the distribution of funds to other departments that offer essential services to communities and businesses that rely on those services. • In Portland, the budget has structural financial problems from the revenue perspective that potentially harm the business cycle, e.g., dependency on the transportation tax, which is slowly dying, creating a structural problem in raising resources to fund city programs and services. Moreover, the PB funds were determined to take up to 1 fire station budget, meaning that 1 station must be closed to fund it.	• A study about New York City's PB process found that officials in areas where PB is implemented funded more projects at lower average amounts than those not involved. However, the study reveals that PB does not necessarily change region funding.[42] • Research also reveals that PB does not necessarily limit other services from being implemented. Instead, when effectively implemented, PB can encourage communities to volunteer to cover implementation costs.[43]
PB hurts labor unions.	• Cleveland considers PB a threat to labor unions because it reduces their ability to get raises by reducing the general fund balances. Examples of pro-labor unions against PB include SEIU, ASFCME, etc.	• While there is no empirical support for this claim, research suggests that PB often encourages revenue generation for the government by increasing people's willingness to pay and maintain services that the community depends on.[44]

[41] World Bank (2008). Toward a more inclusive and effective participatory budget in Porto Alegre. Vol. 1, No. 40144-BR.

[42] Calebrese, Williams, & Gupta (2020).

[43] Cabannes, Y. (2015). The impact of participatory budgeting on basic services: Municipal practices and evidence from the field. *Environment and Urbanization*, 27(1), 257–284.

[44] Ibid.

Claims against PB:	Evidence from Interviewees	Evidence from the Literature
PB gives financial decision-making and authority to people who weren't elected.	• Cleveland's PB process would bypass elected officials' ability to oversee municipal finances, which they were elected to represent the interest of communities. • In Portland, the city council was uncomfortable allocating funds to another entity to allocate the budget, especially being the legal jurisdiction permitted to develop and approve the budget.	• Research suggests that PB initiatives are a means of empowering communities to partake in the affairs of their taxes. In most cases, the PB process is done collaboratively with community-led delegates, public officials (both elected and appointed), civil society, and the private sector. Most decisions approved through the PB process are guided by a general rubric of specific capital or recurring projects that can be funded.[45]
PB is like a grants program but not run as efficiently.	• In New York City, the PB is established as a statewide and district-specific process. However, the evidence for how efficient the methods have been, especially by comparing efficiency across non-implementing and implementing districts, hasn't yet been undertaken. • The proposed PB in Portland is a *glorified* grant program that involves participatory spending because it has no funding source, has more overhead, takes longer, and is inefficient in allocating money to key needed projects. • In Portland, there hasn't been a citywide strategic plan that could help align reform initiatives such as PB with the city's overall goals. • The Portland budget was significantly constrained by limited funding and overwhelming public service needs. PB would not have offered efficient solutions to decide where the council should spend the tax dollars. • Portland's Civic Life implements a grant funding model for various groups to decide the programs to fund.	• The failed PB processes in Prague 7, Czech Republic, are explained by a lack of know-how, where implementing actors and partners had limited methodological framework for making PB work. Inefficiency, for instance, occurred in areas where implementors failed to cooperate with civil society.[46]

[45] Ibid.

[46] Soukop, Saradin, Zapletalova (2021).

Claims against PB:	Evidence from Interviewees	Evidence from the Literature
Better or cheaper ways could improve engagement in the budgeting process.	● Council members could do local neighborhood meetings, listen to people's needs, and then elevate them to government policy/ budget, as in Cleveland. ● Community budget meetings, YouTube, and televised forums are also used in Cleveland. ● In Portland, the city council was concerned about why another system for citizen participation in the budget, which is also costly, was necessary. Yet, the city had existing systems for that purpose. Existing platforms include public hearings and budget advisory committees (through the neighborhood association). ● Portland's Office of Civic Life partners with 94 Neighborhood Association (now divided based on the established Districts to form 4 District Coalitions Offices) and budget advisory committees to facilitate cheaper and community-based participation. ● Small, inexpensive citizen engagement is preferable to an expensive PB process to provide people lower in the ladder of participation to become more engaged.	● The research underscores that using multiple strategies would yield more significant outcomes and benefits to the government and communities. Various mechanisms include advisory committees, public hearings, surveys, focus groups, budget simulations, neighborhood associations, and televised hearings with questions.[47]
PB contradicts state or city budget laws and processes.	● PB in Cleveland is perceived as contrary to the representative democracy model institutionalized by state laws. ● In Portland, the PB proposal came when the city was facing financial struggles and transitioning, posing a challenge to PB and city budget alignment. ● In Seattle, the PB was designed to ensure the projects are aligned with the State budget laws; *the downside is that the process has taken longer than usual PB process (2 years +), and by the time of the interview, the priority*	● Research suggests that most PBs are designed alongside the overall government budget cycle. The intention to adopt PB is often based on elected leaders' willingness to listen to their constituencies' needs and priorities. However, elected officials still retain the powers and privileges to decide how resources are distributed within the budget. Thus, most PB processes don't require any alterations of the government's budget laws and processes.[48]

[47] Nabatchi, Sancino, and Sicilia (2017); Nabatchi (2012); Ebdon and Franklin (2006); Fung (2006); Bryson et al. (2013); Callahan (2007); Irvin and Stansbury (2004); Creighton (2005); Thomas (1995).

[48] Nowak, T. (2017). Dilemmas of participatory budgeting from the perspective of the Polish law and experience. *Revue Internationale Des Gouvernements Ouverts*, 6, 59-70.

	projects were yet to be approved by the council for implementation to begin.	
Claims against PB:	**Evidence from Interviewees**	**Evidence from the Literature**
It leads residents to propose unfeasible projects.	● In Chicago, some districts avoid PB because of the perception that residents tend to choose projects that are not for the efficient use of the dollar money. ● In New York City, community organizations leading the PB process meet with city officials to evaluate and assign costs to proposed projects. City experts eliminate some unfeasible projects. ● In Portland, PB was perceived as not the best tool for facilitating the maintenance of previously proposed capital projects within PB processes. ●	● There is evidence that PB processes lead residents to propose unfeasible projects. However, since PB is designed to be a collaborative process, studies suggest that public officials must educate the public and provide justifiable reasons why specific proposals may not be implementable.[49]
PB overworks staff who review the proposals beyond normal work obligations.	● New York City's PB process has limited engagement with city officials or government experts to determine the feasibility of proposed projects. ● New York's city staff have some sort of resistance to the PB process simply because they are busy with their other city duties and responsibilities. ● San Francisco's PB process ensured a department expert was in correspondence with the neighborhood council, providing proposed project recommendations. Department staff didn't like the extra PB work. ● The staff in Portland Metro had some reservations against PB because it increased their workload and was expensive.	● There is no empirical evidence to substantiate this claim. Instead, research shows that public managers have a general acceptance of PB. For instance, scholars reveal that public managers have managerial, technical, citizen-centered, and skeptical perspectives toward PB. Neither of these perspectives leads public managers to limit or deny PB, even among the skeptics whose research suggests they consider PB only if it adds value to final decisions.[50]

[49] Ibid.

[50] Migchelbrink, K., & Van de Walle, S. (2022). Serving multiple masters? Public managers' role perceptions in participatory budgeting. *Administration & Society*, 54(3), 339–365.

Claims against PB:	Evidence from Interviewees	Evidence from the Literature
Budget management is complex, and it takes a lot of work and study to understand it fully.	● The proposed PB in Cleveland failed to consider complex budgetary tradeoffs and multilayered decisions that go into the budget. ● The proposed PB in Cleveland did not have a framework for project implementation after voting, requiring some legal foundation prescribed in the Finance Act. ● The Portland budget is complex, based on the legal categorization of ongoing or one-time programs. PB would require ongoing funding, which is unsustainable for the city. It would not fit the one-time funding model because it would require funding reductions from other programs each year. ● Generally, PB rarely takes into consideration budget cuts during times of fiscal stress.	● Research agrees with the notion of budget complexity and the use of technical jargon that average citizens may not comprehend. Similarly, the budget process comprises several stages that are co-dependent. However, citizens are often engaged in the initial stages of the budget-making process. Furthermore, the time allocated for citizens to engage in budgeting is limited, which limits the time they have to understand budget tradeoffs and complexities.[51]
Residents with enough time and money to participate dominate the process, unlike communities targeted for greater inclusion.	● PB in Cleveland was, though unimplied, provided the mayor absolute control over the PB funds where the mayor was to appoint at least 5 out of 10 community members and additional staff who work in the office of the Mayor to be in charge of PB processes. ● In Cleveland, most people who show up are unemployed and have the time to participate, not the working class.	● Research on the ability of PB to foster greater inclusion of targeted communities and not the *usual suspects* is inconclusive. Some studies indicate that most people voting in PB processes are often white, college-educated, and from higher-income households.[52] Other studies suggest that the usual suspects assist in mobilizing marginalized individuals and communities to participate, consequently involving more marginalized people.[53]

[51] de Azevedo, R. R., Cardoso, R. L., da Cunha, A. S. M., & Wampler, B. (2022). Participatory budgeting and budget dynamics in the public sector. *Revista de Contabilidade e Organizações*, 16. DOI: http://dx.doi.org/10.11606/issn.1982-6486.rco.2022.193141.

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A note on sources:

The literature on participatory budgeting is vast. PB programs have been covered in the popular press, usually by the local media when a program is initiated or changed. Advocates for PB publish frequent reports both documenting successful initiatives and describing what they recommend as standard models and best practices. Both social scientists and political scientists have produced many in-depth studies and historical reviews. And several academic dissertations and theses have addressed PB. Reviewing all of this is obviously beyond the capacity of our committee.

Four sources in particular have been especially useful. One is a 2022 report from *The Brennan Center for Justice* at the NYU School of Law that outlined the experience of a dozen or so U.S. cities. The cities listed in this report became our targets for interviews.

Two independent researchers have specialized in the study of PB and related civic engagement practices over many years and have published both books and papers on the subject:

Brian Wampler is Professor of Public Scholarship and Engagement, Office of the President at Boise State University, and Professor of Political Science in the School of Public Service. Wampler has studied the rise and fall of PB in Brazil and its spread worldwide and in the U.S.

Hollie Russon Gilman served in the Obama Administration as the White House Open Government and Innovation Advisor and is now a Senior Fellow at New America's Political Reform Program where she leads the Participatory Democracy Project, an Affiliate Fellow at Harvard Kennedy School's Ash Center for Democratic Governance and Innovation, and a Senior Advisor to the Harvard-Bloomberg City Leadership Initiative where she is conducting research to inform city leaders on building more equitable and inclusive civic engagement. Both Wampler and Russon Gilman are quoted extensively in this report and their works are featured in this bibliography.

Finally, Josh Lerner co-founded the *Participatory Budgeting Project* before moving in 2018 to *People-Powered*, an online hub focused on participatory democracy. As the author of *Everyone Counts* (see below) Lerner was one of the first to promote PB in the U.S. More recently, he has published on how PB fits into a larger “eco-system” of democratic reforms.

The committee was charged with making an independent, evidence-based study of PB. While we have consulted the available information presented by dedicated advocates for PB, we recognize that their mission is to promote the practice rather than to assess it objectively. Accordingly, direct citations from these sources—and also from entrenched opponents of the practice—are limited in this report.

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Acknowledgments

The study committee would like to thank Jonathan Kaufman for providing editing services for this report.

Errata (changes made after the membership vote)

Below are corrections to some of the background material; the Committee concluded that none of the changes affect the conclusions or recommendations in the report.

- On page 13 in the next to last paragraph, the charter amendment text for Participatory Budgeting, voted on by the Charter Commission, was written by the City Attorney's Office, not Participatory Budgeting Oregon.

- On page 14, footnote number 9 should read as: 9https://www.portland.gov/wheeler/news/2024/5/2/mayor-wheeler-proposes-82-billion-budget-fiscal-year-2024-25

- On page 14, the report states that the proposed ballot measure is "essentially replicating" the earlier proposal to the charter commission. It's more accurate to say that the sponsors of the proposed ballot measure crafted an expanded measure that included a number of other features not present in the original proposed charter amendment.

- On page 94 the affiliation of witness Jim Labbe should read "Participatory Budgeting Oregon".

City Club of Portland was founded in 1916 with the mission to inform our members and the community in public matters and to arouse in them a realization of the obligations of citizenship. We are one of the oldest civic organizations in Oregon.

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