



# Priority Lincoln: Budgeting for Outcomes

## *Brief Report Final*

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## Table of Contents\*

<b>Acknowledgements</b> .....	<b>3</b>
<b>Background</b> .....	<b>4</b>
Budgeting for Outcomes Overview .....	4
<b>Budgeting for Outcomes in Lincoln, Nebraska, 2008-09</b> .....	<b>6</b>
<i>Priority Lincoln</i> .....	6
Public Participation Methods Utilized .....	9
Scientific Telephone Survey.....	10
Deliberative Discussion.....	10
Non-Random Survey .....	11
Town Hall Meetings.....	12
Focus Group .....	13
<b>Key Findings</b> .....	<b>14</b>
Highest Priorities .....	14
Safety and Security.....	14
Economic Opportunity .....	15
Lowest Priorities .....	16
Caveat About Lowest Priorities .....	16
Accountable Government, Destination Lincoln, Effective Transportation, and Environmental Quality .....	16
Paying for City Government .....	17
Raising Taxes.....	17
Lincolnites' Attitudes Toward the City's Government .....	18
Trust, Confidence, and Fairness.....	18
Lincolnites' Knowledge About the City .....	19
Misconceptions .....	19
The Deliberation Experience is Associated with Knowledge Acquisition.....	19
<b>Conclusions</b> .....	<b>20</b>
<b>Appendices</b>	
<b>Appendix Table of Contents</b> .....	<b>22</b>
Overview.....	23
Appendix A: Scientific Telephone Survey.....	24
Appendix B: Deliberative Discussion .....	56
Appendix C: Non-Random Survey .....	113
Appendix D: Town Hall Meeting.....	130
Appendix E: Focus Group .....	134

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\*Note: This Brief Report is the same as the Full Report but omits the Appendices (pages 22ff). The Full Report is available from the Public Policy Center's website, <http://ppc.nebraska.edu>.

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## BACKGROUND

As a centerpiece to its 2008-09 budget determination process, the City of Lincoln invited the community to provide input about how the City should prioritize budget items. Several thousand residents provided input over a period of approximately 90 days, starting in February 2008 and ending in May 2008. This Report presents the results from the City's public participation process.

### BUDGETING FOR OUTCOMES OVERVIEW

In Lincoln the budget process begins, as it does with most cities, with the Mayor asking each City Department head to submit a request based on the Department's needs. Typically, departments base their funding requests for the upcoming year on their actual spending during the current budget year, adjusting the figure up or down in light of the activities that the agency heads and the Mayor want to undertake in the new budget year and in light of the city's fiscal status (is it rising, declining, or about the same as last year?). This approach to budgeting is known as "incremental" budgeting, so called because the budget changes only incrementally from year to year.<sup>1</sup>

A number of observers have criticized this approach to governmental budget planning.<sup>2</sup> They argue the typical way of budgeting privileges the status quo; it is susceptible to be driven largely by political considerations; and it permits government officials to avoid making tough decisions out of fear of angering vested interests. Another criticism is that incremental budgeting allows the government to use accounting gimmicks to make it look as though the jurisdiction is in good financial shape even when it is not: In such cases the budget problem is simply put off to the future, and budget problems sometimes are compounded should economic conditions worsen.

A better way of budgeting, it is argued, is strategic budgeting – budgeting that is goal-oriented, looking to the future as opposed to being mired in the past. Strategic budgeting, thus, inspires a fresh look at spending priorities each budget cycle, with specific goals identified and tactics for achieving these goals systematically developed and publicly specified. Such strategic budgeting is transparent, and it enhances governmental accountability.

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<sup>1</sup> See, e.g., William D. Berry. (1990). The confusing case of budgetary incrementalism: Too many meanings for a single concept. *Journal of Politics*, 52: 167-196.

<sup>2</sup> Berry, note 1. See also David Osborne & Peter Hutchinson. (2004). *The price of government: Getting the results we need in an age of permanent fiscal crisis*. New York: Basic Books. As is discussed below, Osborne and Hutchinson offer an alternative to incremental budgeting, one they term "budgeting for outcomes." For a short, easy-to-read overview of their budgeting for outcomes approach, see: Osborne & Hutchinson. (2004, October). Budgeting for outcomes: Delivering results citizens value at a price they are willing to pay. *Government Finance Review*, pp. 10-14. Available at <http://www.gfoa.org/downloads/GFR1004.pdf>.

“Budgeting for Outcomes” is a strategic and transparent budgeting approach that overcomes many of the problems inherent in the incremental approach.<sup>3</sup> The outcomes-based budgeting approach starts with a determination of results desired from government for the upcoming year. The budget is then tied to proposed goals. Although this approach seems simple, in many ways it is more cumbersome than traditional budgeting approaches. It requires government officials to ascertain essential community needs, determine service and outcome priorities, and articulate goals and expected outcomes. Under an outcomes-based budgeting approach, then, priorities are systematically determined, strategies are carefully designed to meet selected goals, and measures are identified so that it can be objectively determined whether goals have been met. Unlike incremental budgeting, outcomes-based budgeting requires transparency: Funding dollars are linked to goals. Outcomes are measurable. Government is accountable.

The outcome budgeting approach is relatively new. States such as Michigan have adopted it,<sup>4</sup> as have cities such as Dallas<sup>5</sup> and Fort Collins,<sup>6</sup> and counties such as Polk County in Florida<sup>7</sup> and Snohomish County in Washington.<sup>8</sup>

Budgeting for outcomes has been utilized, to great acclaim,<sup>9</sup> in the State of Washington, which faced a serious budget crisis and economic downturn in the early part of this decade. Although Washington was not able to avoid tough decisions such as layoffs and reductions in government services, then Governor Gary Locke’s budgeting for outcomes process allowed the state to take a long-term approach rather than simply trying to rely upon “quick fixes” to deal with its deficit.<sup>10</sup> Washington’s

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<sup>3</sup> Osborne & Hutchinson, note 2. See also Lawrence L. Martin. (2000). Management Notes: Budgeting for Outcomes in State Human Service Agencies. *Administration in Social Work*, 24 (3): 71-85; Lawrence L. Martin. (2002). Budgeting for outcomes. In Aman Khan & W. Bartely Hildreth (Eds.), *Budget theory in the public sector* (pp. 246-260). Westport, CT: Quorum Books.

<sup>4</sup> Michigan’s Cabinet Action Plan. (2005). *Governing for results*. Available at [http://www.michigan.gov/documents/cap\\_134919\\_7.pdf](http://www.michigan.gov/documents/cap_134919_7.pdf). See also Budgeting for outcomes: The process. (2005). Available at [http://www.michigan.gov/documents/cap\\_134919\\_7.pdf](http://www.michigan.gov/documents/cap_134919_7.pdf).

<sup>5</sup> City of Dallas. (2006, May 3). Budgeting for outcomes: Status report. Available at [http://www.dallascityhall.com/council\\_briefings/briefings0506/20060503\\_bfo.pdf](http://www.dallascityhall.com/council_briefings/briefings0506/20060503_bfo.pdf).

<sup>6</sup> City of Fort Collins. (2008). Budgeting for outcomes. Overview. Available at <http://fcgov.com/bfo/>. See also City of Fort Collins. (2008). Budgeting for outcomes. 2008-2009 Key results. Available at <http://fcgov.com/bfo/results.php>.

<sup>7</sup> Polk County Florida Board of Commissioners. (2008). Budgeting for outcomes. Available at [http://www.polk-county.net/county\\_offices/Budget\\_and\\_Management\\_svcs/outcomes.aspx](http://www.polk-county.net/county_offices/Budget_and_Management_svcs/outcomes.aspx).

<sup>8</sup> Charles Taylor. (2006, December 11). Counties erase deficits by ‘budgeting for outcomes.’ *NACO County News*. Available at <http://www.naco.org/CountyNewsTemplate.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=21992>.

<sup>9</sup> See, e.g., The Pew Center on the States. (2008). *Government performance project: Grading the States 2008*. Washington. Available at [http://www.pewcenteronthestates.org/uploadedFiles/PEW\\_ExecSumm\\_WA.pdf](http://www.pewcenteronthestates.org/uploadedFiles/PEW_ExecSumm_WA.pdf).

<sup>10</sup> Katherine Barrett & Richard Greene (2005, February). The government performance project: Grading the States ‘05. Washington. *Governing Magazine*. Available at <http://governing.com/gpp/2005/wa.htm>.

outcomes-based process has been and continues to be viewed favorably by residents, government officials, and the media.<sup>11</sup>

David Osborne and Peter Hutchinson, the “gurus” of the budgeting for outcomes movement, counsel that the government’s priority setting process needs to include the public.<sup>12</sup> Methods for including the public range from surveying to focus groups, town hall meetings to online input, and so on. The budgeting for outcomes literature, however, does not provide evidence to indicate whether one form of public input is preferred over another, or whether some combination of techniques provides useful information to policymakers. The only constant is that public input is deemed to be an integral part of the outcomes-based budgeting process.

## **BUDGETING FOR OUTCOMES IN LINCOLN, NEBRASKA, 2008-09**

### ***PRIORITY LINCOLN***

Lincoln is currently facing a budget crisis, and like other cities facing fiscal problems, the City has to make tough budget decisions. In July of 2007, Mayor Chris Beutler proposed a budget of \$131.7 million for fiscal year 2007-2008 and made significant cuts to address a shortfall of approximately \$9 million.<sup>13</sup> In doing so, dozens of jobs were eliminated through lay-offs, and both a hiring freeze on vacant positions and an early retirement program were imposed. Many departments were forced to cut their budgets by significant amounts as well.<sup>14</sup> Mayor Beutler called it “the toughest budget in memory.”<sup>15</sup> The City faces another difficult round of budget decisions this year: Given current revenues available to the the City, each Department will only receive 96.5% of the money received in the 2007-08 fiscal year. Costs to run government increase at least the amount of inflation. Thus, another shortfall exists, and without a revenue increase, program or personnel cuts will be required.

On February 12, 2008, Mayor Beutler announced his intention to adopt the outcomes-based budgeting approach as he and his department heads determined their 2008-2009 budget.<sup>16</sup> To kick-off the initiative, called “Priority Lincoln,” the City identified eight strategic priorities for 2008-09, with most of the strategies cutting

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<sup>11</sup> See notes 8, 9, & 10.

<sup>12</sup> See Osborne & Hutchinson, note 2.

<sup>13</sup> Deena Winter. (2007, July 8). Big changes to city budget may be in store. *Lincoln Journal Star*, p. A1.

<sup>14</sup> City of Lincoln. (2007-2008). *Council adopted budget: Budget summary*. Available at <http://www.lincoln.ne.gov/city/finance/budget/pdf/sum08.pdf> .

<sup>15</sup> Matt Olberding. (2007, July 10). Council Republicans react positively to budget plan. *Lincoln Journal Star*, p. B1.

<sup>16</sup> City of Lincoln. (2008, February 12). *City to seek public input on budget priorities: Process will include scientific phone survey*. Available at <http://www.lincoln.ne.gov/City/mayor/media/2008/021208.htm>.

across the City's service areas<sup>17</sup> and departments. The Strategic Priority areas,<sup>18</sup> ordered alphabetically and with benchmarks identified, are:

1. Accountable Government
  - ◆ Conduct audits supervised by City Audit committee
  - ◆ Improve maintenance frequency of city assets
  - ◆ Maintain citizen satisfaction with access to city services
  - ◆ Ensure adequate financial controls are in place
  - ◆ Maintain legal protection against discrimination and harassment
2. Destination Lincoln
  - ◆ Increase visitors
  - ◆ Maintain number of adult recreation participants
  - ◆ Ensure all citizens access to cultural activities such as music, art, and community festivals
  - ◆ Maintain Lincoln citizens' satisfaction with quality of life
  - ◆ Maintain level of education, appreciation, and recognition of Lincoln's growing diversity
3. Economic Opportunity
  - ◆ Maintain number of jobs that pay at or above the City's median salary rate
  - ◆ Increase the rate of business start-ups per year
  - ◆ Increase percentage of college graduates who remain in Lincoln
  - ◆ Speed the City's development process
  - ◆ Increase the number of primary jobs
4. Effective Transportation
  - ◆ Build new roads each year to promote growth
  - ◆ Repair existing roads
  - ◆ Increase bus ridership
  - ◆ Maintain average work commute at or below current standard
  - ◆ Maintain existing trail lane miles

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<sup>17</sup> The City's 12 service areas are: 1) Building Permits and Safety; 2) Health Department Services; 3) Human Services; 4) Fire and Ambulance Services; 5) Job Creation and Economic Development; 6) Libraries; 7) Maintenance and Management of Traffic Flow; 8) Management of Sewage and Storm Water; 9) Parks, Trails and Recreation; 10) Police; 11) Public Bus and Transportation Services; 12) Zoning and Growth Planning.

<sup>18</sup> City of Lincoln. (2008, April 22). *Outcomes 2008*. Handout from the City, distributed at town hall meetings held in April and May in Lincoln. The City's priority areas and the outcomes/benchmarks continued to evolve after the community input activities began in February. Thus, some of the materials used in the project and referred to in this Report – including briefing materials and surveys – have somewhat different Strategic Priority labels than those presented in the text following this footnote. We decided it is most useful to provide the latest iteration of the City's priority areas and outcomes in this Report, even though the lack of consistent terminology or labels might be slightly confusing at times.

5. Environmental Quality
  - ◆ Keep Lincoln air, water and soil clean
  - ◆ Reduce flood risk
  - ◆ Maintain green space per mile of urban area
  - ◆ Increase water and wastewater infrastructure to meet growth
  - ◆ Decrease landfill usage
6. Healthy & Productive People
  - ◆ Decrease rate of low weight babies
  - ◆ Maintain years of healthy, independent living for older adults
  - ◆ Increase physical activity
  - ◆ Prevent and reduce chronic disease
  - ◆ Maintain the number of restaurant inspections per year
  - ◆ Ensure adequate human services exist to meet critical needs
7. Livable Neighborhoods
  - ◆ Ensure an adequate number of affordable homes
  - ◆ Increase home ownership rates
  - ◆ Maintain rate of neighborhood parks per square mile of residential development
  - ◆ Maintain availability of outdoor public pools
  - ◆ Maintain current levels of access to public libraries
8. Safety & Security
  - ◆ Maintain a low violent crime rate
  - ◆ Clear serious crimes at a rate near our peer cities
  - ◆ Maintain a timely ambulance response rate
  - ◆ Decrease property damage from fire
  - ◆ Enhance Public Health emergency response capacity

The Mayor invited the public to provide input into the priority areas and offer perspectives on the ordering of the priorities themselves.<sup>19</sup> In addition, the public was asked to provide input into budget funding options: Should taxes be increased? Should funding be cut from lower priority areas? Should funding levels be enhanced for specific priority areas, and if so which ones and why? Residents also were asked to consider other sectors that contribute funding to the city's services and activities, specifically the community's philanthropic organizations and others in the private sector. Finally, residents were asked to provide input into their assessment of government: How much trust and confidence do residents of Lincoln have in their City's government, and how fair do they perceive governmental actions such as its budgeting process?

In order for the information to be used by City leaders, the *Priority Lincoln* community input process was initiated in February and concluded in May 2008. Initial decisions on the City's 2008-09 budget are scheduled to be made during May. The budget is to

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<sup>19</sup> See note 16.

be released to the public in July. The budget goes for City Council consideration in July, with public hearings scheduled for August 11. Any modifications are negotiated between the Council and the Mayor, and on August 25 the Council is scheduled to approve the budget. Thus, the information collected in *Priority Lincoln* will be used by the Mayor and his department heads to inform the budget process in the months ahead.

## **PUBLIC PARTICIPATION METHODS UTILIZED**

The public has had five different opportunities for input to date: a *Scientific Telephone Survey* (Appendix A), a *Deliberative Discussion* about the City budget (Appendix B), a *Non-Random Survey* (Appendix C), *Town Hall Meetings* (Appendix D), and a *Focus Group* (Appendix E).<sup>20</sup> Each public input method is described further below.<sup>21</sup>

Opinions regarding budget priorities were obtained as part of each of the five public input activities, with input ranging from surveys to live remote voting technologies in the *deliberative discussion* and the *town hall meetings*. The *scientific telephone survey* provided the most rigorous and systematic collection of residents' input, though each of the public participation activities provided valuable information in its own right.

In addition, budget briefing materials (see Appendix B) were prepared and sent directly to those who agreed to participate in the *deliberative discussion* and *focus group* and made available for anyone who wanted to review them via the Public Policy

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<sup>20</sup> Throughout this Report, each public input method will be presented in italicized type so it is clear which public input method is being discussed.

<sup>21</sup> As noted in the pages that follow, the public participation activities included five separate undertakings.

1) A *scientific telephone survey* was conducted by the University of Nebraska-Lincoln Bureau of Sociological Research based on a survey created by the Public Policy Center.

2) The Public Policy Center organized a *deliberative discussion* allowing residents to spend a day examining budget issues and budget trade-offs and questioning city leaders and managers about the budget. The deliberation was held at the Marriott Cornhusker Hotel's conference facility.

3) The Public Policy Center adapted the scientific telephone survey so that it could be responded to either online or in paper form (*non-random survey*). The *non-random survey* was available from the Center's website and the Mayor's webpage. The paper copy of the survey was available from the City's libraries and other city departments, and several human service agencies in the community made the survey available to their clients and others. The *non-random survey* was publicized via a press conference with the Mayor that was played continuously on local public access television, via media coverage (radio, television, and newspaper), and via personal invitations from the Mayor and others in City Government at meetings and public appearances.

4) Four *town hall meetings* were convened by Leadership Lincoln, a community leadership development and support organization. Residents were able to learn about the City's budget from the Mayor and department officials. Budget issues were discussed in small groups, and then more discussion was held with the Mayor and department officials. Remote voting technology allowed each participant to respond to questions posed by the facilitator and see the results of everyone's responses in real time.

5) A *focus group* discussion was held with residents unable to attend the deliberation. The discussion was facilitated by Boyd Ober of Leadership Resources, a leadership and strategic planning/development company.

Center's website.<sup>22</sup> The budget briefing materials were designed to educate members of the public as part of the *Priority Lincoln* process. The briefing document provided an overview of the City's operations, programs, and budget; described the reason that the City is currently facing a revenue problem and provided future revenue projections; explained the budgeting for outcomes approach; presented information about the role of philanthropic contributions to city services and programs; and offered information about the City's eight outcome areas.

## 1. Scientific Telephone Survey

The *scientific telephone survey* was conducted to obtain the opinions of residents regarding the City's budgeting priorities (see Appendix A). A random-digit-dialing procedure was used to obtain a representative cross-section of Lincoln's residents. Six hundred five (605) residents completed the survey, which on average took respondents about 20 minutes to complete.

The survey was conducted during March. Residents were mailed a postcard from the Mayor informing them they had been randomly selected to participate in the survey. A total of 1,586 contacts were made, with a 38% response rate and a confidence range of +/- 4% for results. Oversampling was used to obtain adequate minority representation.<sup>23</sup>

The greatest strength of the *scientific telephone survey* input is that it was based on a scientific sample, so the results from the telephone survey provide the best and most reliable insight into the views of Lincoln residents. The greatest weakness is that survey responses are a point in time assessment of what Lincolnites think. The survey does not tap into changes in attitudes and opinions that people might make once they have a chance to better understand the budgeting issues in general and the Lincoln issues in particular.<sup>24</sup>

## 2. Deliberative Discussion

Fifty-one (51) residents participated in a day-long, *deliberative discussion* about the City's budget issues. A total of 286 individuals from the scientific telephone survey were invited to participate in the *Priority Lincoln* deliberation.

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<sup>22</sup> See [http://ppc.nebraska.edu/program\\_areas/documents/PriorityLincoln-Listening.pdf](http://ppc.nebraska.edu/program_areas/documents/PriorityLincoln-Listening.pdf).

<sup>23</sup> Weighting was only used in data analysis that compared various demographic groups in Lincoln. All weighting is based on U.S. census figures for the City of Lincoln to compensate for underrepresentation of younger respondents, overrepresentation of older residents, slight overrepresentation of women, and minority underrepresentation.

<sup>24</sup> The results of the public knowledge questions show that there are a number of misperceptions that exist among residents as to where Lincoln's funding comes from and how that funding is used. Most of the misunderstandings center on the property tax. Specifically, citizens overestimate the proportion of each property tax dollar that the City receives, and they overestimate the extent to which the City relies upon the property tax to fund its operations. The results of the *deliberative discussion* show that there are knowledge gains once residents become engaged in discussing the City's budget (see Appendix B).

Thirty-six percent (102) said they would attend; 51 (50% of those who accepted the invitation) residents showed up for the April 12<sup>th</sup> *deliberative discussion*.<sup>25</sup>

Participants were sent the briefing materials (see Appendix B) a week to two weeks before the event. The *deliberative discussion* was designed not only to gather greater in-depth information than the telephone survey, but also to educate others in the community about the budget via broadcasts of parts of the deliberative sessions on public access television.

At the outset of the *deliberative discussion*, Mayor Beutler presented a briefing on the City's budget to the discussion participants, including the news that Lincoln is facing a \$6 million shortfall for the upcoming year. After the briefing, participants were randomly assigned to six small groups. In the initial small group discussion sessions, participants identified questions about the City's budget, and then had an opportunity to ask those questions of the department heads in a plenary panel discussion. Following that session, the participants re-convened in their small group discussion sessions and prioritized the City's budget outcome areas. Finally, the participants presented their list of prioritizations to the Mayor and department heads. The participating Lincolniters were paid \$75 to offset any childcare, travel costs or other expenses they might have incurred in order to spend nearly eight hours that day to participate in the deliberation event.

Before the discussion sessions started, participants completed a pre-event survey and then another post-event survey after the deliberation concluded (see Appendix B).

The greatest strength of the deliberative discussion input is that the responses obtained post-discussion reflect what randomly selected Lincolniters think once they have had a chance to better understand budgeting issues in general and the Lincoln issues in particular.<sup>26</sup> Thus, in many ways the participants (somewhat) emulate government officials in that they are equipped to consider

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<sup>25</sup> A 50% attendance rate is typical for public participation events of this type.

<sup>26</sup> There was at least a 9% increase or greater in the numbers of deliberation participants' who correctly answered knowledge questions from pre- to post-event for five of the nine knowledge questions we asked, with an over 30% increase in numbers of participants who correctly answered on three of the questions. The *deliberation discussion* participants at the outset of the event were indistinguishable from the *non-random survey* respondents (see below) in the percentages of those who correctly answered each knowledge question, though both the *deliberation discussion* participants and the *non-random survey* respondents were markedly superior to the complete random sample in terms of percentages of correct responses to the knowledge questions. This suggests that either those from the random sample who scored higher were more likely to attend the deliberation event or those who agreed to participate in the deliberations obtained accurate information about the City and its budget, from the briefing materials or other sources. In any event, by the end of the deliberation, the 51 participants were much more likely to answer questions correctly than any other group involved in the public input.

the competing trade-offs as they make complicated budget determinations. The greatest weakness is that the time commitment needed to participate in the deliberation may have been a barrier to some. Also, we do not know the extent to which the deliberative participants represent their fellow Lincolniters.

### 3. Non-Random Survey

A *non-random survey* (see Appendix C), open to anyone, was made available via the internet as well as in paper copy from March, 2008, to May, 2008. The survey was accessed nearly 1,700 times (online and hard copy, combined), and approximately 1,300 surveys were completed<sup>27</sup> over the month that the survey was online or in the field.<sup>28</sup> The survey also allowed respondents to provide narrative input to many of the questions. The open-ended questions were examined along with the quantitative questions.

The strength of the *non-random survey* is that it was accessible for many in the Lincoln community, and the fact that over 1,000 responses were received indicates Lincolniters were eager to make sure their voices were heard by the City. People could respond at a time convenient to them, unlike with the other methods of public input. A weakness is that the survey was non-scientific and, unlike the telephone survey, the results cannot be generalized to other individuals in Lincoln. Also, it is possible some interested parties tried to influence the outcomes of the survey. Another weakness is that the complexity of the survey itself meant that some in the community found it difficult, if not impossible, to answer the survey questions. For some, taking a 20 minute survey is not a significant matter, but for others in the community, it is a barrier to providing input.

### 4. Town Hall Meetings

A series of *town hall meetings* were convened to allow citizens to discuss budget issues and provide input on their budget priorities (see Appendix D). Mayor Beutler attended each meeting, provided a budget briefing, and answered questions. Also in attendance were the heads or other high officials from each of the City's departments. Nearly 200 residents attended the *town hall meetings*

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<sup>27</sup> It is not known exactly how many surveys were completed since it was possible to skip questions on the survey. Furthermore, it is the case that one person could provide input multiple times, electronically or via the paper version.

It is possible to ascertain how many responses were received for each question, which ranged from a high of 1,699 for the first question (because any visit to the electronic version of the survey would result in "hit" on the first question, we do not believe there were 1,699 respondents) to a low of 1,263 responses to the race/ethnicity and education questions at the end of the survey.

Because the "public" survey was not intended to be scientific, the lack of precision does not matter from a results perspective. In our Report, we focus on consistencies and inconsistencies across the different public input rather than dwell on the results of any one input activity.

<sup>28</sup> The survey was officially supposed to be off-line at midnight, May 9. However, the survey was open past that date. This Report includes those data received as of May 12.

(some individuals attended more than one meeting), which were held on April 22<sup>nd</sup> at Lincoln Southwest High School; April 24<sup>th</sup> at Lincoln Public School's District Offices; April 29<sup>th</sup> at North Star High School; and May 6<sup>th</sup> at Lincoln High School. Input was obtained from 128 residents<sup>29</sup> (some residents left the town hall meeting after discussion but before providing input) on their budget priorities; whether to increase, decrease or keep spending the same; and how to fund the community's top priority outcomes.

The strength of the *town hall meetings* is that each provided Lincoln residents with a chance to interact with other residents and with the Mayor and City managers. It allowed interested individuals an opportunity to make sure the Mayor and other city officials heard their concerns and ideas. The weakness of the *town hall meetings* is that it packed in a lot of information and activity at the end of the workday, and there was a marked drop-off in participation over the course of the town hall meeting (each of which lasted approximately two hours). Nonetheless, the town hall participants were similar in their preferences to the other public input participants.

## 5. Focus Group

A *focus group* (see Appendix E) facilitated by a professional facilitator was conducted with four (4) residents. Nineteen people, drawn from the scientific telephone survey list were called asking whether they would be willing to participate in the *focus group*. Direct contact was made with nine people, four of whom participated in the Saturday, May 3, *focus group* session. The session lasted several hours, and the participants were compensated \$25 to offset any childcare, travel costs or other expenses they might have incurred.

The *focus group* allowed for an in-depth, guided discussion about the City's budget. The same briefing materials provided to the *deliberative discussion* participants were given to the *focus group* participants, and they answered the same post-event survey as did the deliberation participants.

The strength of the *focus group* is that it provided a small group an opportunity to extensively explore and discuss budget issues. The weakness of the *focus group* is that it was attended by so few people that it is difficult to draw any specific conclusions, though not surprisingly the preferences of the *focus group* participants seemed consistent with the preferences of the others public input groups.

Overall, the multi-method approach used by Lincoln provided a process that was: 1) in part scientifically rigorous, ensuring some of the results obtained could be

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<sup>29</sup> One hundred twenty-eight participants participated in the electronic voting exercise at the *town hall meetings*. Eighty-four participants completed paper and pencil surveys administered at the events.

generalized to other City residents who did not participate in the public input process; 2) captured both quantitative and qualitative perceptions, providing not only easily interpretable data but also further insights into the thinking of residents of Lincoln; and 3) provided a large number of residents the opportunity to provide input. It is reasonable to estimate that we obtained input from approximately 2,000 people. In a City of approximately 240,000 that is not a lot of the community. On the other hand, it is the first time in the City's history that so many members of the community have had the opportunity to make their opinions of the budgeting process known to the City government.

## KEY FINDINGS

### HIGHEST PRIORITIES: SAFETY & SECURITY AND ECONOMIC OPPORTUNITY

#### ◆ Safety and Security

In each of the five public input opportunities, Lincoln residents rated Safety and Security services and outcomes as their highest priorities. In the *deliberative discussion* and the *town hall meetings*, residents consistently praised the level of police, fire and ambulance services in the community. To use an education metaphor, most residents would assign Lincoln a grade of A/A+ in these areas. Residents' support for Safety and Security even increased more after the *deliberative discussion*: 30% of the budget was allocated to Safety and Security after deliberation, virtually twice the amount of the next highest allocation by the Lincolnites who deliberated.<sup>30</sup>

"I always see police cars in my neighborhood. I love them, God bless them. They are my angels because I feel safe in Lincoln, I do."

- Lincoln Resident

Despite the high regard for the police, fire and emergency services, there were some disagreements about what to do with the Safety and Security area as a budgeting matter. This was most strikingly reflected in the *non-random survey* data: Safety and Security, as it did for all the public input methods, received the highest average ranking. In the *non-random survey's* question asking residents what proportion of the budget should be allocated to each of the eight strategic priority areas, nearly 21% of the budget was assigned to the Safety and Security area, the highest by over five

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<sup>30</sup> The next highest allocation after Security and Safety for those who deliberated was Economic Opportunity, which was allocated 15.6% of the budget. These and other results are presented in Tables B.23 and B.27 in Appendix B. The fact that Safety and Security received roughly twice as much funding as the next largest area does not necessarily mean that Safety and Security is seen as twice as important as the next largest area. Rather than taking these numbers as precisely reflecting preferences, it is more useful to look at the numbers to provide rank ordering. The numbers do provide an imprecise magnitude of Lincolnites' budget preferences, however.

percentage points than the next highest area (Effective Transportation).<sup>31</sup> However, while telephone survey respondents also held Safety and Security in high regard, it was apparent that there were mixed feelings about whether to increase funding to that area or whether to simply maintain the current levels of funding; when asked whether to increase funding, decrease funding, or maintain current funding to the Safety and Security budget outcome area, 52% of respondents chose to maintain funding while 47% wanted to increase funding.<sup>32</sup>

#### ◆ Economic Opportunity

Economic Opportunity was ranked highly; it was the second highest budget outcome priority identified in the *deliberative discussion* and the *scientific telephone survey*, and it was only slightly less highly rated than Effective Transportation by the *non-random survey* respondents. It also was highly rated in the *town hall meetings*.<sup>33</sup>

There were many Lincolniters who envisioned a greater role for private organizations in fostering economic growth for the City. When telephone survey respondents were asked the areas philanthropic entities should focus their investments, a substantial proportion said charitable organizations should focus on Economic Opportunity, suggesting that residents see distinctions between the role of public and private entities in this area.<sup>34</sup> For example, as one online survey respondent argued, not all Lincolniters feel that the City should prioritize Economic Opportunity: “I have placed Job creation and economic development last because I do not view these as the responsibility of city government.” Another respondent, in a similar vein, wrote, “I believe the city needs to concentrate more on basic services and less on economic development.”

“Without a population that is healthy, safe, and economically growing, we will not benefit from parks, libraries, and new buildings.”  
- Lincoln Resident

<sup>31</sup> These figures can be found in Table C.2 in Appendix C.

<sup>32</sup> See Table A.12 in Appendix A. Respondents to the phone survey were generally in favor of maintaining or increasing funding and services for each of the budget outcomes. Very few respondents were in favor of decreasing funding and services for any of the budget outcome areas.

<sup>33</sup> The results of the *scientific phone survey* question can be found in Table A.13; *deliberative discussion* results in Tables B.4 and B.23; Online Survey results in Tables C.2 and C.3; and *town hall* results in Table D.1.

<sup>34</sup> See Table A.15 in Appendix A, where 23.5% of respondents said that charitable organizations should focus their efforts on Economic Opportunity.

## LOWEST PRIORITIES: ACCOUNTABLE GOVERNMENT, DESTINATION LINCOLN, EFFECTIVE TRANSPORTATION, AND ENVIRONMENTAL QUALITY

### ◆ **Caveat About Lowest Priorities**

Although residents will select a lowest service or budget priority when asked to rank them, residents also indicate that choosing a priority as a lower one does not mean the area should be eliminated. Residents value the services the City offers. This can most easily be seen in the *scientific telephone survey* where respondents were asked to rate the importance of 12 City services. The lowest average score for a service was Public Bus and Transportation services with a score of 6.88; the highest average score was given to Fire and Ambulance services with a score of 9.09.<sup>35</sup> The relatively small range between the highest and lowest scores shows that Lincolnites value all City services highly, as does the fact that no service received an average score below 6.<sup>36</sup>

“I would like to think that we would not have to cut these services, even though we put them at the bottom. Let’s not make them any worse. That would be my first request.”

- *Lincoln Resident*

Similarly, several residents in the *town hall meetings* and the *deliberative discussion* mentioned the interconnectedness of the priority areas, and to them this meant that it was important to fund even the lowest priority areas. This also was reflected in the *scientific telephone survey* where 43% of respondents indicated that funding and services for Effective Transportation should be increased,<sup>37</sup> yet gave it the second lowest priority among City budget outcomes.<sup>38</sup> Similarly, *scientific telephone survey* respondents rated library services relatively high, even though it was one of the bottom two City service priorities among respondents when they were forced to make a decision which services should be the top and bottom priorities for the City.<sup>39</sup>

### ◆ **Accountable Government, Destination Lincoln, Effective Transportation, and Environmental Quality**

When specifically asked which budget areas are less of a priority or which should be reduced if cuts have to be made, the above four budget outcomes were markedly more likely to be identified than were others. This means that if the City were to

<sup>35</sup> See Table A.9 in Appendix A.

<sup>36</sup> When services are rated on a scale from 1-10, one would expect an average score below 5 for any service that residents did not value.

<sup>37</sup> See Table A.12 in Appendix A.

<sup>38</sup> See Table A.13 in Appendix A.

<sup>39</sup> Table A.9 in Appendix A shows that respondents gave libraries an average score of importance of 7.66 out of 10, placing it 7<sup>th</sup> among the 12 City services. Table A.10 shows that respondents place Libraries as their next-to-last priority (11<sup>th</sup>) when they were forced to decide on which services the City should focus.

follow public input literally, it would cut from these areas as opposed to the other priority areas. Unlike Safety and Security, which was seen as most important in each of the five public input methods, there is not a clear-cut distinction among the other areas in terms of importance and priority, other than the fact that Accountable Government, Destination Lincoln, Effective Transportation, and Environmental Quality are consistently seen as lower priorities.

There was one other priority identified as lower priority by two of the public input methods. Economic Opportunity was pinpointed by the *deliberative discussion* participants and *non-random survey* respondents as one of the areas to be cut. Part of the reason that Economic Opportunity was selected for loss of funding, in all likelihood, is that it is a priority area Lincoln residents would like to see business and/or philanthropic organizations such as the Lincoln Community Foundation take an active role in fostering<sup>40</sup> (other areas identified for support from the philanthropic sector included Healthy People and Quality of Life, according to both the *scientific telephone survey* and the *non-random survey*).

## PAYING FOR CITY GOVERNMENT

### ◆ Raising Taxes

Common wisdom is that Nebraskans are concerned about taxes. Responses on the *non-random survey* certainly reflected that concern.<sup>41</sup> As one respondent wrote in an online comment on the *non-random survey*, “I know six families that have left [Lincoln] because of too high taxes.” The *scientific telephone survey* results were especially strong in rejecting raising taxes to fund new projects.<sup>42</sup>

“There is no need to raise our taxes.”

- *Lincoln Resident*

When asked if the City should increase taxes, cut funds from other areas, or make no change in spending to fund priority services, budget outcomes and major new projects, a large proportion of the *scientific phone survey* respondents said that the City should take “Some Other Approach” to funding.<sup>43</sup> Although the Some Other Approach response may not seem like a valuable response option,<sup>44</sup> many of the

<sup>40</sup> We discuss Economic Opportunity and the philanthropic sector above, in the text following note 33.

<sup>41</sup> Twenty eight percent of respondents to the online survey said that taxes should be raised in order to fund a major new project. See Table C.5 in Appendix C.

<sup>42</sup> Only 12.5% of telephone survey respondents indicated that they felt taxes should be raised in order to fund major new projects. See Table A.17a in Appendix A.

<sup>43</sup> See Table A.11 in Appendix A.

<sup>44</sup> Editorial. (2008, April 23). In end, budget questions can't be ducked. *Lincoln Journal Star*. Available at [http://ppc.unl.edu/whats\\_new/in\\_the\\_news/2008news/23-04-08-LJS%20editorial-In%20end.pdf](http://ppc.unl.edu/whats_new/in_the_news/2008news/23-04-08-LJS%20editorial-In%20end.pdf).

respondents provided useful input when responding to the question of what the other approach should be. The responses to this question show that, while Lincolniters may hold varying opinions about taxes, they are also very willing to see the City take innovative and creative approaches, such as public/private partnerships, to fund new projects.

Whereas Lincolniters are generally reluctant to pay taxes to fund new projects, they are not necessarily opposed to using their taxes to preserve governmental services and maintain priority programs. “While no one wants their taxes to increase, it is clearly time,” wrote one resident on the *non-random survey*. Forty percent of the *deliberative discussion* participants concluded by the end of their discussion that they would chose to increase their taxes in order to fund what they perceived to be priority City services.<sup>45</sup> Approximately one-third of the *deliberative discussion* participants also were willing to increase taxes to fund their top budget outcome priorities at the end of the deliberation event, an increase of nearly 20% over their pre-deliberation positions.<sup>46</sup> Similar positions were taken at the *town hall meetings*.<sup>47</sup>

“I would rather pay more taxes than to cut government services.”

- *Lincoln Resident*

## LINCOLNITES’ ATTITUDES TOWARD THE CITY’S GOVERNMENT

### ◆ Trust, Confidence, and Fairness

Lincoln residents are generally satisfied with City Government. Over half of the *scientific phone survey* respondents indicated that not only were they satisfied with the local government (53% indicated they “agree” or “strongly agree” with the statement), but also that officials treat residents with respect (68%), officials care about what residents think (60%), government can be trusted to make the right decisions (54%), and the City makes decisions in the best interests of the public (53%).<sup>48</sup> The *deliberative discussion* participants were, as indicated by their responses prior to the deliberation, a slightly more cynical group than the rest of the *scientific phone survey* respondents;<sup>49</sup> the *non-random survey* respondents were similarly negative.<sup>50</sup>

<sup>45</sup> This is in contrast to the 23.4% who favored cutting funds from bottom service priorities to fund top service priorities. See Table B.19 in Appendix B.

<sup>46</sup> See Tables B.25 and B.26 in Appendix B.

<sup>47</sup> At the Town Hall meetings, 55% of respondents were in favor of increasing taxes to pay for priority budget outcomes. See Table D.3 in Appendix D.

<sup>48</sup> With the exception of one statement, “Lincoln City government officials base their decisions on the facts, not their personal interests,” more individuals in the scientific phone survey agreed or strongly agreed to the positive statements about Lincoln City government than disagreed or strongly disagreed. See Table A.19 in Appendix A.

<sup>49</sup> Deliberation participants were also more likely to give “Neither agree nor disagree” responses. See Table B.15 in Appendix B.

After the *deliberative discussion*, however, participants greatly increased their positive opinions: There were increases in their perspectives on whether officials treat residents with respect (65% to 73%), officials care about what residents think (49% to 67%), government can be trusted to make the right decisions (39% to 51%), and the City makes decisions in the best interests of the public (37% to 53%).<sup>51</sup> This finding suggests that interaction with government officials on such issues can increase trust and confidence in government.

## LINCOLNITES' KNOWLEDGE ABOUT THE CITY

### ◆ Misconceptions

There are several misperceptions about the relationship between the property tax and City Government. Specifically, many Lincolnites overestimate the proportion that the City receives per property tax dollar and overestimate the extent to which the City relies upon property taxes to fund its operations. Most residents know the largest proportion of the budget is spent on Public Safety services.

The City receives approximately 14% of each property tax dollar. To measure the extent to which residents are familiar with the tax situation in Lincoln, survey respondents were asked how much of each property tax dollar that the City receives. Only about 21% of the 605 *random telephone survey* respondents correctly answered the City receives less than 15% of each dollar, though 50% of the 1,300 *non-random survey* respondents answered the question correctly. Respondents were also asked which tax funds the largest proportion of the City's budget. Only about 26% of the *random survey* respondents accurately identified the sales tax as the primary revenue source for the City (a large majority of respondents, 68%, inaccurately selected the property tax as the largest source of City funding), whereas 55% of the *non-random survey* respondents accurately selected the sales tax option (40% indicated property taxes).<sup>52</sup>

### ◆ The Deliberation Experience is Associated with Knowledge Acquisition

After *deliberative discussion*, participants' knowledge of the City of Lincoln increased substantially in almost all of the areas in which they were tested. Participants were asked about the City's largest budget category expenditure (from 69% correct in the pre-deliberation to 92% correct post-deliberation); the percentage of property tax dollars that go to the City (58% to 67%); largest source of revenue (54% to 68%); the size of the City's annual budget (63% to 70%); the fact that the City Council makes

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<sup>50</sup> See Table C.7 in Appendix C.

<sup>51</sup> See Table B.40 in Appendix B.

<sup>52</sup> The results of all questions that measure citizen knowledge in each survey are presented in Tables A.18a-A.18e in Appendix A (*scientific telephone survey*), Tables B.31-39 in Appendix B (*deliberation surveys*), and Tables C.8a-C.8e in Appendix C (*non-random survey*).

the final decision on the City’s annual budget (60% to 70%); and the number of different languages and dialects spoken by Lincoln residents (18% to 52%).<sup>53</sup>

## CONCLUSIONS

Although Lincolnites’ highest priorities – Safety and Security – are unlikely to surprise anyone, it may come as a surprise to some that the community’s residents indicate they are willing to pay to maintain the City’s programs and activities. Lincolnites appear to care deeply about the City’s services. This is not to say that residents will not hold city officials accountable. Rather it is that as residents learn more about the City’s budget and budgeting process, most (but not all) are more interested in finding the funds to maintain city services than they are in keeping a lid on their taxes. This does not mean that residents do not want the City to become more efficient rather than raise taxes, or do not want the City to be strategic rather than raise taxes. Indeed, there is not very much support for the City to embark on new ventures using tax monies.

“I think the Mayor is taking a proactive approach to budgeting and should be commended for trying something different. Thank you for the opportunity to comment on the direction the community wants to go.”  
- *Lincoln Resident*

Finally, Lincoln residents appear to value the opportunity to provide input to the City on its budgeting process. Residents clearly embrace the budgeting for outcomes and public participation approach adopted by Mayor Beutler. It is striking how supportive and enthusiastic those Lincolnites are who participated in the *deliberative discussion* or the *town hall meetings*. It is not possible to determine whether their positive feelings are a function of the interaction with City officials or a function of the engagement activities themselves. What we do know is that we can document increases in knowledge and demonstrate a marked willingness to pay for services by those who were involved in either of the

“Thank you on behalf of all Lincoln area residents who participate, for inviting us in on the budget process for our city. This format is convenient. The questions themselves are thought-provoking and instructional. I believe this method encourages open government of the people, by the people and for the people. I appreciate the opportunity to help "make democracy work" by participating in the survey.”  
- *Lincoln Resident*

<sup>53</sup> See Tables B.31-39 in Appendix B.

two engagement activities versus those who were involved only via answering a survey, whether the random *scientific telephone survey* or the *non-random survey*.



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