

Participatory Budgeting in the City: Challenging NYC's Development Paradigm From the Grassroots¹

Nancy Baez and Andreas Hernandez

See also the Youtube video "From budget cuts to a people's budget: participatory budgeting in NYC" at <http://www.youtube.com/watch?v=S7JwPekH5UQ>, produced by the authors and others in the International Film Studies Collective at Marymount Manhattan College. A longer video based on this article is promised for later in 2012.

Introduction

Four New York City Council members have adopted Participatory Budgeting (PB) for their Districts' capital funds in the 2011/2012 budget cycle. This essay examines the New York City (NYC) PB process, and analyzes why this experience has been among the most grassroots-led and organized of PB initiatives yet implemented anywhere in the world. We argue that while the PB process in its most elementary form is a reallocation of municipal money by residents through participatory deliberation and voting, this basic process can become a very different project depending on the city, its history and its wider relationships with politics and capitalism. The way PBs are designed and implemented depends on how PB engages the general imagination for development in a particular city. NYC has been structured since the 1970s as the financial command center of global capitalism, spatially polarizing Manhattan and impoverishing the City as a whole. We argue that, in the context of the 2007-8 economic crisis and the attendant severe cuts in the municipal budget, grassroots community organizations, in concert with local progressive politicians, are using PB to challenge the dominant development model of the City itself.

Participatory Budgeting

Participatory budgeting is a democratic and deliberative decision-making process which empowers citizens to directly decide how a portion of the public budget is spent. This process was developed and consolidated in Porto Alegre, Brazil where up to 21% of the yearly municipal budget has been decided through participatory

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process since 1989. PB has since been implemented in over 1,000 cities worldwide on every continent, although initiatives are largely concentrated in Latin America and Europe. The PB is generally associated with city budgets, however it has also been implemented by states, counties, schools, universities, housing authorities and coalitions of community groups. PB processes vary in scale from small towns to major metropolises such as Pune (India), Rome (Italy), Matam (Senegal) and Sao Paulo (Brazil). The World Bank and the United Nations have identified PB as an important tool for inclusive and accountable urban governance, based on its ability to promote transparency, inclusion and equity.²

Municipal PBs generally involve several core steps. First, the guidelines of the upcoming budget cycle are set and decisions are made about how the process will operate. Dynamics are established such as timelines, appropriate incentives, participation guidelines, and core values of the system. Second, neighborhood assemblies are held, where residents or other defined stakeholder groups under the budget's jurisdiction meet, learn about PB, and then draw up specific projects based on community needs. Third, assembly participants who are especially interested in staying engaged with the process throughout the cycle become budget delegates, through a vote in some cases or on a volunteer basis, as occurred in NYC. These delegates are charged with turning ideas that were imagined at the assemblies into feasible projects, and establishing their costs – often with the help of experts. Fourth, projects are presented to another round of neighborhood assemblies at a final vote where the participants decide which projects will be funded according to those that garner the most votes within the allotted budget.

The Politics of PB and Project of the City

While the PB process at the city level, in its most elementary form, is a reallocation of municipal money by residents through participatory deliberation and voting, this basic process can become a very different political project depending on the city, its history and its wider relationships with politics and capitalism. To begin to answer the question of why the NYC PB has been one of the most grassroots-led PB experiences, it is useful and perhaps necessary to examine not only its local trajectory, but also its wider relationships to political economy and the very project and political imagination of the City. The design and implementation of PB initiatives are structured and conditioned by this context of the City in which they are embedded. Every municipality around the world exercises differing roles within wider networks of the global political economy, depending on its dominant historical functions and development paradigm. In this way, although PB across various locations may share a number of technical similarities, they may also

² See for example Shah 2007 and "Participatory Budgeting". *UN Habitat*. Retrieved April 20, 2012 from <http://www.un-habitat.org/content.asp?typeid=19&catid=533&cid=4475>

constitute very different political projects. NYC is unique in that it has been successfully structured as the financial command center of the global economy, the contradictions of which, we argue below, help explain the political project and grassroots nature of PB in the City.

The Neoliberal Restructuring of New York City

NYC was an important manufacturing and financial center throughout much of the 20th Century. We draw upon the geographer David Harvey (2007) to outline the restructuring of NYC in the final decades of the century, into the dominant financial command center of the global economy, while spatially polarizing parts of Manhattan and impoverishing the rest of the city, including the other four boroughs (Queens, Brooklyn, The Bronx and Staten Island). Throughout the 1960s and 1970s a situation of excess capital and declines in manufacturing resulted in much of the surplus going to real estate speculation and a massive boom in new construction. When the property market crashed in 1973, NYC was left with empty buildings, lack of property taxes which they had forgiven during the time of surplus, and a shortage of jobs. In 1973, the Federal Government entered a financial crisis and dramatically cut its funding to cities. However, it was the decision by investment bankers to terminate loans that actually caused the City to file for bankruptcy in 1975. Private lenders stepped in as the stream of federal funds to NYC declined, but the City was increasingly using money for social welfare goals, redistributing this borrowed wealth at a time when manufacturing was declining, but unions were still influential and anti-banker and anti-corporate sentiment prevailed.

From the perspective of those propping up NYC, business interests were not enough of a priority in the budget, and so the investment bankers set out to change this. Since the City was primarily receiving funds from the private sector, the stage was set to launch a "financial coup" and with the sudden withdrawal of all funding the investment bankers brought NYC to its knees. Immediately following the bankruptcy, all budget decisions were transferred to the significantly less accountable Municipal Assistance Corporation (MAC), later referred to as the Emergency Financial Control Board, composed of the investment bankers, a few state representatives, and a couple of city representatives. Jobs and services were cut as the MAC used city taxes and even municipal union pensions to pay off debts. At that point, the health of the financial institutions had taken precedence over that of the population. As the MAC worked to discipline municipal finances, they knew they were also dealing with an impoverished city, one which would have to be "cleaned up" before it could be marketed.

In 1973, this revival effort needed funding, while oil prices had risen enormously. Along with all the Gulf States, Saudi Arabia suddenly had tremendous wealth, and following some speculation that the US was going to invade Saudi Arabia's wells to

bring the oil prices back down, Saudi investors became involved in the New York investment banks. The backing was now available to turn New York City into the financial capital of the world. To further revive the economy, the Downtown Business Partnership was established by investment bankers and corporations to really sell the city, from its cultural institutions to its tourist attractions. The now-infamous "I 'heart' NY" logo was designed to seal the deal.

In order to handle problems still on the ground, from garbage collection to crime prevention, the Partnership was forced to deal with the functions of city government. At the same time, employment of public servants and their wages had been slashed, catalyzing police and fire unions to launch a counter-campaign, "Fear the City," seriously tarnishing the "I 'heart' NY" image and actually discouraging tourists from visiting. To recover their development vision, the Partnership rehired the union members in exchange for an end to their campaign efforts. The catch: they were mostly hired in Manhattan. The Bronx was plagued by fires. Queens accumulated uncollected garbage. Services were effectively sealed off within small privileged areas, made as safe and pleasant as possible, reoccupied bit by bit by financial interests. The city government refocused from social interests to financial interests, making central New York City alone an optimal place for investment.

The Long Road from the World Social Forums to NYC³

In 1994 a group of New Yorkers, some of which were homeless, many who relied on welfare, and others who were unemployed, came together to counter especially vicious attacks on the poor under the Giuliani administration. They founded Community Voices Heard (CVH) to organize, educate, and challenge the contemporary urban conditions they faced. Several staff and members of CVH attended a National Jobs with Justice Conference in Chicago where they met Diana Cohen, then with the Solidago Foundation, who introduced the group to the World Social Forums (WSF), being held in Porto Alegre. She alerted them to the fact that a group of funders were interested in supporting grassroots organizers from the USA, so that the struggle from within the "belly of the beast" was represented. Porto Alegre had been chosen as the site for the initial WSFs by French and Brazilian NGOs and movements, precisely because the Partido dos Trabalhadores (PT: Workers Party) city administration was developing new kinds of participatory democracy, with a focus on social justice and inclusion – and specifically PB.

In 2002 a CVH delegation of four including Sondra Youdelman, then Director of Public Policy and Research, the Executive Director, and two Board members, participated in the second WSF in Porto Alegre. PB Workshops were conducted, and CVH was exposed to the process for the first time. Every year following, CVH

3 The historical narrative of this section was constructed based on a series of interviews with members of Community Voices Heard and the Participatory Budgeting Project.

has sent representatives to the WSF encouraged by those who attended previously to find out more, excited about the idea of implementing a PB process in NYC. During the time that CVH was digesting these new possibilities, as they continued their advocacy work in empowerment and activism, Josh Lerner, involved in PB efforts in North America, and Mike Menser, of the CUNY Graduate Center, initiated a New York City PB campaign, collaborating with the Urban Justice Center (UJC) and the NYC Aids Housing Network. After a few meetings it never really came together, so Josh and Mike continued their efforts by coordinating two sessions on PB at the US Social Forum in 2007. Earlier in January of the same year, at the Right to the City Conference in LA, the Miami Workers Center, Strategic Actions for a Just Economy (Los Angeles), and Tenants and Workers United (Northern Virginia) had convened over twenty grassroots organizations along with intellectuals, officially launching the Right to the City (RTTC) alliance, uniting their common struggles to create a "public space to fight neoliberalism and build an alternative for our cities." CVH soon became a core member of this new alliance. And RTTC was in fact one of the key organizers of the 2007 US Social Forum.

It was at this time that the housing bubble of the late 1990s and early 2000s, inflated by deregulation and Wall Street speculation, popped, leading to the stock market crisis of 2008 and provoking a largely global recession. In NYC, this led to further drastic cuts in City spending on education, transportation, social programs and all manner of basic services.

Just over a year after RTTC's official launch, in March 2008, Lerner connected with Laine Romero-Alston of the UJC who was helping to coordinate the RTTC New York City Chapter, to provide expertise regarding PB and participatory planning. Later that year, in December 2009, Lerner was asked to present about PB to the RTTC Alliance. He and Mesner presented as experts on PB at a day-long event of small panels initiating the RTTC-NYC Platform Development Process. It was here where they met Vincent Villano, staff member of RTTC-NYC as the Research and Policy Coordinator of one of their core members, CVH.

Villano had joined CVH in 2008 following Youdelman's promotion to Executive Director, and was currently working on a research project about the official resident participation system of NYC public housing. A month later, in April 2009, Villano contacted Lerner for information about PB in Toronto Community Housing, a process ongoing in Canada since 2001, as a best practice example for the report. In 2009, Lerner along with Gianpaolo Baiocchi of Brown University launched the Participatory Budgeting Project (PBP), an organization aimed at empowering community members by working with governments and civil society organizations to provide technical assistance that can help make PB possible. PBP worked with Chicago Alderman Joe Moore to initiate PB in his district in 2009, the first example of PB in the United States.

Villano's completed report, *Democracy (In)Action: How HUD, NYCHA and Official Structures Undermine Resident Participation in New York City Public Housing* (2010), was the first time CVH formally pushed for PB in NYC. It recommended that the New York City Housing Authority (NYCHA) conduct a pilot PB project with Tenant Participation Activity (TPA) funds, allocated from the federal government to support resident participation within NYCHA. The TPA budget had been prone to past misuse, and only 14% of 1100 survey respondents were even aware of the fund's existence. After the report was published, the feasibility of this plan was further examined through a trip to Toronto in May 2010 to observe the process. CVH worked with Lerner to plan this opportunity for first hand observation, in which two CVH staff, Villano and Henry Serrano, and two CVH members, Keith Massey and Anne Washington, spent three days in Toronto watching the process unfold and speaking to participants and members of the Toronto Community Housing Corporation (TCHC). This trip allowed CVH to recognize some of the potential pitfalls of applying PB within the NYCHA system. Villano returned home with the conviction that a grassroots community organization like CVH would really have to be the cornerstone of the PB process in order for its values to be followed, and to benefit low-income communities and build power among them, a principle which has come to guide the first year of NYC PB.

A few months following CVH's Toronto trip, in September 2010, the PBP started working with Ayse Yonder and Eve Baron at the Pratt Institute in New York City to plan a public talk by Chicago Alderman Moore about his experience with PB. Lerner contacted CVH about this as well, and member Anne Washington, who had gone to Toronto with CVH, agreed to speak. From this point on, these two organizations collaborated in the ongoing efforts to bring PB to NYC. Once the event date was set at Pratt, Lerner and Mesner of PBP planned an additional talk at Brooklyn College. Both events took place in November 2010. PBP, Pratt, and Brooklyn College invited all 51 New York City Council Members (CMs) to attend and speak at both events. CVH helped encourage some of the CMs they had previous relationships with to attend.

CM Lander spoke at the Pratt event, which CM Mark-Viverito also attended, and CM Williams spoke at the Brooklyn College event. Williams was one of the first to step forward and commit to implementing PB in his district after he heard about it. CM Leticia James also attended the Pratt event and was interested, but ultimately decided to just observe PB's initial implementation in NYC. Finally, CM Lander, who was most active in these initial advocacy efforts of rallying other CMs, felt it was essential that this initiative be bi-partisan, and was able to engage Republican CM Eric Ulrich in the process, as the other three are Democrats.

Lerner continued to work with CM Lander's office to secure the commitment of members of the City Council for the initiative and get as many people involved as possible. On March 1, 2011 CM Mark-Viverito, CM Lander, CM Ulrich, and CM Dan

Garodnick co-sponsored a Council Briefing on PB, at which a total of 20 CM offices were represented. Later in March, four CM Offices committed to implementing PB in their district for the first year, including Mark-Viverito, Lander, Williams, and Ulrich and each agreed to pay around \$5,000 from their FY12 discretionary budgets for the services offered by the PBP, becoming the lead technical assistance partner. In April 2011 the CMs agreed to work with CVH as the lead community engagement organization for the process.

Mark-Viverito of District 8 represents East Harlem and part of the Upper West Side in Manhattan, and a section of the Southern tip of the South Bronx. Lander of District 39 represents Park Slope and other neighborhoods in the western part of Brooklyn. Williams of District 45 represents Flatbush and Flatlands in another region of Brooklyn. Ulrich of District 32 represents the furthestmost area of Queens, of which he allocated the peninsula known as the Far Rockaways for the pilot project. Each Council Member agreed to commit at least \$1 million from their discretionary funds, which are spent on either expense projects (services), or capital projects (tangible "bricks and mortar" projects). The CMs collectively decided to use capital funds for the pilot year.

From May 2011 through June 2011 the PBP, CVH, and the CMs worked to assemble the Citywide Steering Committee (CSC). The CSC is composed of representatives from each CM's office, city-wide organizations working within five areas including good government, research, policy, community organizing, and community education, Community Boards from each district, and local Community-Based Organizations from each district. This included RTTC and UJC as well. The CSC is responsible for designing the basic process of PB in NYC and making major decisions during the implementation. Two co-chairs are responsible for administration, Villano of CVH as the liaison with community groups and Rachel Goodman, Lander's Chief of Staff, as liaison with the other CM offices. In July 2011 the CSC met at the CUNY Graduate Center at workshops to write the guidelines for the process.

The CSC held a series of workshops producing the *2011-2012 Handbook*, which is the guiding document for PB in NYC. The Handbook sets forth three core principles that the pilot project seeks to uphold: transparency, equality, and inclusion – reflecting the grassroots character of the Committee. In addition to the expectations set by these guidelines for the PB process to abide by, the workshop itself was a session of participatory decision-making. In a room with individuals from a myriad of neighborhoods and backgrounds, choices had to be made regarding an appropriate timeline, how responsibilities would be divided, and the requirements for those voting on project proposals at the final stage. On September 14, 2011 a press conference on the steps of City Hall formally announced the launch of PB in New York City.

Throughout October and early November, Neighborhood Assemblies were held in each district. Everyone who would consider themselves a stakeholder, anyone who cared about their district, was encouraged to come out and attend one of these meetings. In the first half of each meeting, a Power Point presentation explained PB and how it works in NYC, followed by a period of Q and A to clarify any confusion. In the second half, everyone split up into small groups to brainstorm and discuss issues the district faces, and how the funds allotted for PB for the year in question could address them. Meetings concluded with each thematic group presenting their top three proposals.

Nearly 250 participants who decided they wanted to remain engaged in the process and be part of its unfolding became budget delegates. Divided into thematic groups, they worked on all the ideas from the assemblies within their category from mid-November to February to turn these thoughts into concrete proposals. This required the delegates to research the feasibility limitations, meet with experts, conduct site visits, establish costs, and write up the final proposal themselves to present at a second round of neighborhood assemblies to their community for feedback. Finally in late March and early April, voting was held in each district to select the projects to be funded. Each district set up a series of voting stations over the period of a week. The projects with the highest number of votes were selected until the funds put aside for PB by each council member became exhausted. CM Mark-Viverito, CM Lander, and CM Williams each decided after the vote to put forward more than their initial commitment of \$1 million, to enable more projects to be funded.

Throughout the process, the CSC met regularly and broke up into work groups to continue facilitation of the process, discussing and sharing progress reports on the various elements of the PB's practical components. The CSC members and the organizations they represented persistently pursued their respective parts of upholding the process, including responsibilities like research, materials, agenda setting, and governance. A critical part of the entire PB cycle was the intensive outreach conducted by community-based organizations in each district, both via the outreach work group of the CSC, and through the district committees (DCs) in each of the four districts. The DCs ensured that everything necessary to holding a successful meeting was in place, from securing a venue, to offering child care, to including food.

To raise awareness about PB and how to get involved, organizations posted and handed out flyers, went door to door, tabled, made phone calls, and particularly sought to mobilize the most marginalized members of their communities to participate in deciding the project priorities for their area. In preparing and facilitating the first year of PB in NYC much time and energy went into the basic implementation of the process, as its preparation occurred in a very short time span, but organizations like CVH plan to put more resources towards outreach for the next PB cycle. At the time of writing it is likely that several more Council

Members will adopt the PB for the next budget cycle, following intensive outreach by CVH and other groups.

Challenging the Dominant Development Model of NYC

In NYC, movements and activists brought the concept of PB from the WSF and convinced sympathetic politicians to adopt this form of participatory decision-making, transforming the relationships between elected officials and citizens in four Council Districts. The CMs had never heard of PB before being approached by community-based organizations. This is in contrast to how PB has been implemented in much of the rest of the world. Most PB initiatives have been developed and implemented by city administrators, from the top down – sometimes responding to, and sometimes working against more organic organization in the cities. In Porto Alegre, where PB was first developed as Brazil was transitioning from a military government, a socialist-led city administration implemented PB in response to demands from highly organized neighborhood groups for greater participation in governance. PB became such a core part of urban governance in Porto Alegre, that when a center-Right coalition came to power in 2004, they continued the PB process. The city administration of Seville, Spain implemented PB at the municipal level in 2003, as a way to increase transparency and build closer relationships with citizens. Seville has become a global reference for PB initiatives. Neighborhood groups in Seville initially opposed the PB, fearing that the process would undermine their privileged communication with City officials. In Cordoba, a similar PB initiative failed, largely due to resistance led by neighborhood groups.

We have argued above that while the PB process in its most elementary form is a reallocation of municipal money by residents through participatory deliberation and voting, this basic process can become a very different political project depending on the city, its history and its wider relationships with politics and capitalism. The way participatory budgets are designed and implemented depends on how PB engages the general imagination of development for a particular city. NYC has long been a global manufacturing and financial center, and has historically developed an imagination of being “at the center of the world,” betrayed by popularly held notions such as NYC being the “world's greatest city.” This popular imagination, which also defines much of the NYC administration's political rhetoric, may be understood as being embedded within and defined by the historic role of NYC as the business center of the US as it rose to become the dominant global power, beginning in the late 19th century. However, the 1970s marked a crisis with the core capitalist countries experiencing severe stagflation, a crisis in the post WWII monetary system based on the US dollar, exacerbated by the oil crisis, which ultimately led to a significant proportion of manufacturing being relocated to the Global South. NYC experienced the crisis through rising

poverty, a loss of the middle class (through impoverishment and through suburbanization), and a crisis of profit for the wealthy.

Following the 1970s crisis, economic and political forces in the Global North sought to reclaim (and retain) power through consolidating the direction and flow of global finance capital, and NYC was a key site in this project. Increasingly the state (and its funds) became implicated within this project of reclaiming economic power that had been lost in the 1970s, in a project that institutionalized a new configuration of state- capital relations under the neoliberal project from the 1980's. This project also became central to NYC's urban imagination as its primary political and economic task, eclipsing all other populations and plans deemed inconsequential to the new targets of developmental strategy.

This restructuring of NYC and the resulting polarization pitted two extreme visions of governance against each other, the capitalist state (supporting business, especially finance capital to consolidate NYC's position as the center of the world's financial capital) versus the welfare state (supporting the city's poor and their needs without any conceivable financial gain). Needless to say this created an artificial split in the City's perception of the ideal form of public policy, for the administration was inherently value- laden in favor of a capitalist state, within a system of logic where there "was no alternative". Without the middle class, the wealthy were able to project their vision for Wall Street as the project for the entire city.

The Left was also declining more generally during this period of time, and in NYC the power of neighborhood community-based organizations which had exercised considerable influence in the 1960s with prominent voices such as that of Jane Jacobs (Greenwich Village), who encouraged a grassroots vision for the City, radically differed from the determinist Grand Plans that the likes of Robert Moses had institutionalized. However, by the mid 1990s community-based organizations were reemerging in resistance to the neoliberal transformation of NYC, mirroring a wider trend of countermovement rising in places where neoliberal governance had been implemented. CVH was organized in Harlem at this time through the work of those marginalized by the City's project, in opposition to its detrimental effects on their population.

The crisis of 2007-2008 led to the toppling of core financial institutions, almost falling over each other like dominoes in a very small space in lower Manhattan, and the state, whose role had been internalized into capitalist workings since the 1980s, had to come out publicly to bail out Wall Street. In the larger world economy, global imaginations regarding finance capital and state-capital relations were deeply questioned after many years. For NYC, it meant that the core of what had been defined as the City's project for over three decades was deeply shaken, and segments of the city administration became open to alternate imaginations, as NYC's political project as a city suddenly came up for critique.

The role of the state was again questioned: should public funds be used to bail out banks or can these funds serve other purposes? The crisis of Wall Street created an ideological public space to constructively criticize the project of neoliberal governance, not only on a wider scale, but in terms of NYC's specific authority-structures. The consolidation of the RTTC alliance affirms the city as a site of claim making, as social movements like Occupy Wall Street have come to question the role of the state in privileging the interests of finance capital. It is amidst this context of resisting and questioning the neoliberal project of NYC in which we argue that grassroots community organizations, in concert with local progressive politicians, are using PB to challenge the dominant development model of the City itself.

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About the authors

Nancy Baez is graduating in the Class of 2012 from Marymount Manhattan College with a Bachelor's Degree in International Studies.

Andreas Hernandez is a member of the NYC PB City-Wide Steering Committee and an Assistant Professor in the Department of International Studies at Marymount Manhattan College.