



Would You Like a Receipt with That? An Information-Sharing Tool for Enhancing Citizen Engagement

Whitney Afonso

Are citizens in your community asking to know what their tax dollars are being used for? Well, now there's a receipt for that—a taxpayer receipt that conveys the cost and scope of services provided by local governments and also puts those costs into perspective.

Taxpayer receipts have been emerging over the past few years; most notably, the White House has developed one. The value of the taxpayer receipt extends way beyond the federal level, however. Locally, the taxpayer receipt is a viable information-sharing tool that can be used to educate and inform citizens about numerous aspects of government at the community level. Not simply an accounting of a taxpayer's total tax burden, the taxpayer receipt breaks down the amount of tax paid by each taxpayer for various county services, thereby encouraging even greater citizen involvement in the budgeting process.

This bulletin introduces the taxpayer receipt for property taxes in a North Carolina context. It discusses the development of the taxpayer receipt nationally and suggests reasons why the receipt is something local governments in North Carolina might wish to adopt to enhance their citizen engagement efforts. It then presents a step-by-step methodology for creating a receipt and concludes with a discussion of its value in connection with other information-sharing methods within the larger framework of citizen engagement.

Whitney Afonso is a School of Government (SOG) faculty member focusing on local government finance. She thanks Rafael Baptista for his contributions as research assistant; attendants at the session “Visualizing Value: Citizen Engagement through the Budget” at the Summer 2013 North Carolina Local Government Budget Association semi-annual meeting held on July 11 in Wrightsville Beach, who talked through many of the issues discussed herein; and, finally, her SOG colleagues John Stephens and Bill Rivenbark for their valuable feedback on this project. Reader responses are welcome at afonso@sog.unc.edu.

Taxpayer Receipt Background

The history of taxpayer receipts is relatively recent and brief.¹ The idea gained traction in fall 2010 when it was introduced by Third Way, a Washington think tank founded “to advance moderate policy and political ideas” and described as “radical centrists” representing Americans at the “vital center” (www.thirdway.org/about_us). Third Way contributors David Kendall and Jim Kessler published a six-page Idea Brief in which they argue that most citizens are unaware of, and have numerous misconceptions about, how their tax dollars are spent.² As a possible solution to the misinformation/lack-of-information problem, they proposed the creation of a taxpayer receipt (see Figure 1).

The Idea Brief got noticed by National Public Radio’s Jacob Goldstein, who reproduced Third Way’s taxpayer receipt in a post on the *Planet Money* blog (later to be mentioned on *Planet Money*’s twice-weekly podcast), and by then Washington Post economic writer Ezra Klein, who also reproduced the receipt on his blog.³

Who knows how much of our tax dollars went to develop clean energy or reduce our dependence on foreign oil? You know, that’s one of the reasons we feel disconnected from our government, and we think a tax receipt would help give people an idea where their tax dollars go.

—David Kendall, senior fellow, Third Way, quoted in “What If the IRS Showed You How Your Taxes Are Spent?” *All Things Considered*, National Public Radio, Apr. 15, 2011; transcript at www.npr.org/2011/04/15/135446794/what-if-the-irs-showed-how-your-tax-money-is-spent.

The White House released a federal taxpayer receipt on Tax Day 2011. The taxpayer receipt tool on the White House website (www.whitehouse.gov/blog/2011/04/15/your-taxpayer-receipt) allows users to enter their Social Security, Medicare, and income tax burdens to get a customized receipt of where their tax dollars are going. The receipt reports both the percentage and dollar amounts of the user’s taxes being spent on different federal programs. The federal receipt includes a broad range of spending categories, which, when clicked, open to reveal sub-categories of spending as well as more specific program areas.

For many reasons, the primary one being the taxpayer receipt’s recent arrival on the scene, there are few examples at the state and local levels. Three of these exceptions are described in the following section.

1. A federal-level taxpayer receipt was introduced and advocated by then U.S. Rep. Charles Schumer as part of the Taxpayer Right-to-Know Act of 1997, H.R. 2827. More recently the idea was echoed in an article addressing the distance voters feel from their governments and services; see Ethan Porter, “Can’t Wait ‘Til Tax Day!” *Democracy* no. 16 (Spring 2010), www.democracyjournal.org/16/6747.php?page=all.

2. David Kendall and Jim Kessler, “A Taxpayer Receipt,” September 2010, www.thirdway.org/publications/335.

3. Jacob Goldstein, “Thanks for Paying Taxes: Here’s a Receipt,” *Planet Money*, National Public Radio, Sept. 30, 2010, www.npr.org/blogs/money/2010/09/30/130249425/thanks-for-paying-taxes-here-s-your-receipt (accessed Nov. 11, 2013); Ezra Klein, “Shouldn’t Taxpayers Get a Receipt?” *Washington Post*, Sept. 30, 2010, http://voices.washingtonpost.com/ezra-klein/2010/09/shouldnt_taxpayers_get_a_recei.html (accessed Nov. 11, 2013).

Figure 1. Taxpayer Receipt Developed by Third Way

What You Paid For	
2009 tax receipt for a taxpayer earning \$34,140 and paying \$5,400 in federal income tax and FICA (selected items)	
Social Security	\$1,040.70
Medicare	\$625.51
Medicaid	\$385.28
Interest on the National Debt	\$287.03
Combat Operations in Iraq and Afghanistan	\$229.17
Military Personnel	\$192.79
Veteran's Benefits	\$74.65
Federal Highways	\$63.89
Health care research (NIH)	\$46.54
Foreign Aid	\$46.08
Education Funding for Low Income K-12 Students	\$38.17
Military Retirement Benefits	\$32.60
Pell Grants for Low Income College Students	\$29.75
NASA Space Program	\$28.09
Internal Revenue Service	\$17.69
Environmental Clean Up (EPA)	\$11.67
The FBI	\$11.21
Head Start	\$10.91
Public Housing	\$10.50
National Parks	\$ 4.27
Drug Enforcement Agency	\$3.14
Amtrak	\$2.23
Smithsonian Museum	\$1.12
Funding for the Arts	\$0.24
Salaries and benefits for members of Congress	\$0.19

Source: Reproduced by permission of Third Way, Washington, D.C. (www.thirdway.org/publications/335).

Initial Examples

The first example, from Georgia, was introduced by then state senator Doug Stoner, who followed the lead of the White House in creating a taxpayer receipt for his state.⁴ Much like the White House receipt, the Georgia receipt is an interactive tool through which taxpayers input both their income and sales tax amounts and the website outputs a receipt listing both the percentage and the amounts of that total that went to pay for various state budget items. The Georgia receipt is similar to the White House receipt but provides fewer spending categories and thus is less informative.

The second example was launched in New York City in May 2011 by then Manhattan borough president Scott Stringer (now city comptroller).⁵ The NYC receipt is the only example I know of at the local level, and it encompasses all city taxes: the personal income tax, the property tax, and a category for “other city taxes and fees.” Although similar to the Georgia receipt in that it is interactive and includes expandable spending categories, the NYC example is much more detailed, with informative pop-up menus describing the various levels of a given area of spending.

The third and final example of a taxpayer receipt is the one created by Connecticut Voices for Children⁶ as part of a policy report published in April 2012 (see Figure 2). Unlike the Georgia and NYC examples, the Connecticut example is not interactive. It simply takes the median taxpayer income tax burden and shows how much of that amount pays for different state programs on a monthly basis. Another element that differentiates the Connecticut receipt from the others is that it compares the calculated taxes to standard household expenses. For example, the median taxpayer in Connecticut pays 27 cents per month for public defenders, which, according to the receipt, is equivalent to buying two medium eggs. The goal is not just to give taxpayers a breakdown of where their money is going and a comparison of how much is being spent on program A versus program B; the goal is also to provide a larger context for the cost of public services per household.

There are a couple of concerns with the Connecticut receipt, namely, that the median taxpayer’s burden is not as effective as an individual’s specific tax burden in conveying what individual taxpayers are getting for their money. Despite that failing, however, a primary advantage of using a static receipt like the Connecticut example is that it is much easier (and costs much less) to create than an interactive Web tool. In addition, the comparison of equivalent expenses provides additional context to taxpayers who are unsure about the real impact of their taxes.

4. Stoner’s receipt had been on his website but was taken down after he lost re-election. The 2012–2013 receipt tool can be found at gasenatedems.com/taxpayer.

5. Stringer’s online tool (last accessed on Nov. 11, 2013) seems to be no longer available since his election as city comptroller. A screenshot of the tool is available from the author upon request.

6. Matthew Santacroce and Wade Gibson, “A Connecticut Taxpayer Receipt,” Connecticut Voices for Children, April 2012, www.ctvoices.org/publications/connecticut-taxpayer-receipt.

Figure 2. Taxpayer Receipt Developed by Connecticut Voices for Children

PROGRAMS	A MONTH'S TAXES	EQUIVALENT
Environmental Protection	\$0.33	A banana
Economic & Community Development	\$0.25	A ballpoint pen
Prisons & Parole	\$2.89	A box of crayons
Foster Youth & Child Welfare	\$3.66	A small latte at Starbucks
Schools (K-12 & Early Education)	\$11.63	1 month of the Hartford Courant
Colleges & Universities	\$2.99	A loaf of bread
Teachers' Benefits	\$3.29	1 gallon of milk
Legislative Branch Government	\$0.34	A postage stamp in 1999
Executive Branch Government	\$3.02	A pair of socks
Healthcare for the Elderly, Disabled, & Families	\$21.78	2 movie tickets
Welfare & Food Stamps	\$0.93	An iPhone app
Aid to the Blind, Disabled, & Elderly	\$0.52	15 min. of parking in downtown New Haven
Supportive Housing	\$0.24	A gumball
Public Health	\$0.38	A cup of raisins
Mental Healthcare	\$3.08	A bagel & cream cheese
Aid to the Developmentally Disabled	\$4.35	The Sunday New York Times
Public Defenders	\$0.27	2 medium eggs
Juvenile Justice & Alternative Incarceration	\$2.00	A medium coffee from Dunkin Donuts
Debt Service	\$9.50	A small pizza with one topping
State Employee Benefits	\$8.67	2 pounds of ground beef
Public Safety	\$0.72	A roll of paper towels
Consumer Protection	\$0.07	1 kilowatt hour of electricity

Source: Reproduced by permission of Connecticut Voices for Children, New Haven (www.ctvoices.org/publications/connecticut-taxpayer-receipt).

The Taxpayer Receipt as a Form of Civic Engagement

Citizen engagement is a viable mechanism for educating and informing citizens about the numerous and varied services provided by local government.⁷ For example, it can provide resources to citizens so that they can better understand the laws and policies that govern their county or municipality; the mission and priorities of their local government; and the cost and

7. For more background on the subject of citizen engagement in North Carolina see John B. Stephens, "Creating Effective Citizen Participation in Local Government Budgeting: Practical Tips and Examples for Elected Officials and Budget Administrators," *Public Management Bulletin* No. 6 (June 2011), <http://sogpubs.unc.edu/electronicversions/pdfs/pmb06.pdf>; and John B. Stephens, Ricardo S. Morse, and Kelley T. O'Brien, *Public Outreach and Participation* (Chapel Hill: UNC School of Government, 2011). Stephens has been actively involved in helping communities engage their citizens for many years and has written extensively on the topic. He is also an excellent resource for questions, strategies, and techniques. You can find more information on Stephens and contact information at www.sog.unc.edu/user/140. Another excellent resource is Rick Morse, who has been involved with helping North Carolina communities create citizen academies to help local governments effectively reach out to citizens and teach them more about local government. Morse can be reached at www.sog.unc.edu/user/87.

scope of government services provided. For these and other reasons, the budget is an especially powerful area in which to engage the community.

Recent research suggests that using a broad notion of citizen engagement helps local governments make hard financial decisions, especially regarding budget outcomes during economic downturns. The study also suggests that citizens indicate a willingness to pay for services when the revenue-raising mechanisms link payments to service consumption and they understand the need and the relationships.⁸ Studies which find that citizen engagement matters highlight the fact that government actions affect the level and quality of engagement.

Of course, local governments have found other innovative ways of relaying much of this same information. For example, the city of Myrtle Beach, South Carolina, includes this information in a special citizens' section of its local budget, while Fairfax County, Virginia, has a budget simulation tool that allows citizens to try to balance the county budget by making the same kind of financial decisions that county supervisors must make. (These two programs are discussed in greater detail in Appendix A of this bulletin). Although these two variations are not as easily accessible as a taxpayer receipt, they nonetheless allow local governments to benefit from the citizen education and engagement that come with taxpayer receipts.

While there are strong advantages to using a taxpayer receipt, one must also be aware of its potential dangers. One danger is that these receipts would be easy to manipulate, both intentionally and unintentionally. The way the receipt is formatted and the categories included will shape the context for taxpayers and their subsequent perception of spending. For example, some critics of the White House receipt accused it of obscuring politically controversial spending, such as the bailout of Fannie Mae and Freddie Mac.⁹ At the local level this same sort of manipulation can happen by omitting categories of spending on programs that are politically unpopular or on which public opinion is divided, for example, local grants to Planned Parenthood. Conversely, it is just as likely that in limiting the number of categories, one might inadvertently highlight only the best known or most popular programs and services, such as public safety and education. Local governments should strive for balance and a representative snapshot of how money is being spent. Local governments that decide to use taxpayer receipts must exercise due diligence in presenting objective, useful information. Another potential danger is falling into advocacy. For example, when David Kendall of Third Way was interviewed by host Robert Siegel on the NPR program *All Things Considered*, he explained that one goal was to put taxpayer spending into context: "\$15 of that tax bill went to the FBI. Now, if you listen to the debate in Washington over taxes and our spending, you get a sense that all of it is wasteful. But, you know, \$15 for the FBI, that's actually a great bargain."¹⁰ Kendall's comment comes close to advocating on behalf of programs themselves, something local government officials should make strong efforts to avoid.

The following section lays out the seven-step process that North Carolina local governments can use in creating a property tax receipt for the services they provide.

8. Benedict S. Jimenez, "Raise Taxes, Cut Services, or Lay Off Staff: Citizens in the Fiscal Retrenchment Process," *Journal of Public Administration Research and Theory* (advance access, Apr. 1, 2013), <http://jpart.oxfordjournals.org/content/early/2013/03/28/jopart.mut018.full>.

9. See Jennifer Liberto, "White House Reveals 'Receipt' for Taxes You Pay," CNNMoney, April 15, 2011, http://money.cnn.com/2011/04/15/news/economy/obama_tax_receipt.

10. Robert Siegel, "What if the IRS Showed You How Your Taxes Are Spent?" *All Things Considered*, National Public Radio, April 15, 2011, transcript at www.npr.org/2011/04/15/135446794/what-if-the-irs-showed-how-your-tax-money-is-spent.

Creating a Taxpayer Receipt for Property Taxes

Creating a static property tax receipt, such as the Connecticut example, is a simple process that requires limited time and effort. In order to create a more dynamic receipt, like the ones in Georgia and New York City, a website for this purpose will be needed as well as an individual on staff with programming skills.

The example I constructed using the Connecticut receipt as a model and incorporating data from the Fiscal Year 2012–2013 Annual Operating Budget for Orange County is presented in Figure 3. Note the comparable items specific to Orange County, such as Sugarland and Franklin Street parking. A version of the Orange County example that can be mailed out to citizens is presented in Appendix B.

Step 1: Determine Property Tax Burden

The first step is to calculate the representative taxpayer's property tax burden using either the average household's tax burden or the per capita tax burden. Since there are more people than households in a community, the per capita burden will be lower. While this may seem attractive, using a per capita measurement is problematic for a couple of reasons. One is that because the amount will be lower than what most taxpayers pay, fewer taxpayers will relate to the numbers presented. In fact, taxpayers may be frustrated to find that the receipt amount is significantly lower than what they actually pay. For these reasons it is recommended that the average household burden be used instead, as will be shown below.

The average household property tax burden is calculated by dividing the total amount of property tax revenue generated by the total number of households:

$$\text{Average household property tax burden} = \frac{\text{Total property tax revenue}^{11}}{\text{Total number of households}^{12}} .$$

The average per capita property tax burden, meanwhile, is calculated by dividing the total amount of property tax revenue generated by the total population:

$$\text{Per capita property tax burden} = \frac{\text{Total property tax revenue}}{\text{Total population}} .$$

For Fiscal Year 2012–2013, the total amount of property tax revenue for Orange County was \$136,928,193 and there were approximately 45,863 households in a population of 135,755. So for Orange County the estimates are:

$$\text{Average household property tax burden} = \frac{\$136,928,193}{45,863} = \$2,985.59.$$

$$\text{Per capita property tax burden} = \frac{\$136,928,193}{135,755} = \$1,008.64.$$

11. The tax levy also could be used, but that would only change the numbers slightly and would not equal the property tax expenditures.

12. Household data are available from the U.S. Census Bureau, for example, at <http://quickfacts.census.gov/qfd/states/37/37135.html>.

As can be seen, the average household property tax burden is almost three times as large as the per capita measure, which, as indicated above, is not surprising. Moving forward, the household measure will be used in the calculations.

Step 2: Determine What Property Taxes Pay For

The second step is to determine what property taxes pay for. Generally, they go into the general fund, from which funds for most programs are drawn.

$$\text{Percentage of general fund revenue from property taxes} = \frac{\text{Total property tax revenue}}{\text{Total general revenue fund}} \times 100.$$

For Orange County that calculation would look like the following:

$$\text{Percentage of general fund revenue from property taxes} = \frac{\$136,928,193}{\$180,002,776} \times 100 = 76.1\%.$$

The percentage of the general fund derived from property taxes is not directly used in any of the following calculations but should be reported in the receipt and could be used in alternate calculations of spending.

Step 3: Decide on the Categories of Spending

Choosing the categories (and the number of categories) of spending is a critical part of the receipt-making process. The potential of providing insufficient information must be balanced against information saturation. It is important also to include all major spending areas that have been identified as strategic priorities and to not place too much money in the “other” category.

Categories in the example created for Orange County were chosen based on several criteria: that they are major areas of spending, are programs unique to Orange County, or that can highlight for taxpayers the level and scope of services they receive for the taxes they pay. This approach enabled the creation of a short, reader-friendly receipt. A drawback to this limited-category approach, though, is that it does not include a large number of programs and tends to spotlight popular programs while failing to mention less politically popular ones; as discussed above, this can open the door to potential manipulation and less transparency.

For example, in creating the sample receipt for Orange County I included KidSCOpe and the school health nurses programs, both of which receive grant money from the county’s non-departmental human services spending budget. I did not, however, highlight Planned Parenthood or Orange Congregations in Mission, which also receive grant moneys from the county. The omission of Planned Parenthood could be considered as a form of obfuscation by those who do not support that program, as could the omission of Orange Congregations in Mission by those who do not think religious organizations should receive taxpayer dollars.

Because everything cannot be included in the receipt, it is important that local officials be mindful of what programs are being included and which ones are not. An honest assessment of the level and types of citizen engagement taking place within a community will help local officials make these judgments. Such an assessment can begin by posing the following questions:

- What methods of citizen engagement are we currently using?
- What do local citizens gain from our methods?
- What does the local government gain from these methods?

- What groups are we failing to reach?
- Any additional ideas for engagement within the community?

Step 4: Calculate What Percentage of the General Fund Is Spent on Each Program

This step identifies the percentage of the general fund being spent on the programs and categories of spending chosen in Step 3.¹³

$$\text{Percentage of general fund spent on Program A} = \frac{\text{Total spent on Program A from general fund}}{\text{Total general fund}} \times 100.$$

For Orange County, the above calculation for the sheriff's office would result in the following example:

$$\text{Percentage of general fund spent on sheriff} = \frac{\$11,180,299}{\$180,002,776} \times 100 = 6.2\%.$$

Step 5: Calculate the Amount of Property Tax Revenues Being Spent

Most local government programs are funded with a combination of property taxes, sales taxes, user fees, and intergovernmental transfers from the state and federal government. So it is critical to identify not just the percentage of the general fund being spent on each program/category, but also what that spending translates to with regard to the property tax burden.

There are multiple components to this step. The first is to decide whether the calculation is to be based on an annual or a monthly basis. The advantage of a monthly burden is that it enables most residents to consider their property tax payment as part of their monthly expenses. That is the choice made here (as well as in the Connecticut example). However, just like with the decision of whether to use per capita or household averages (see Step 1), there is the possibility a monthly calculation will make the property tax burden seem too low and thus not as relatable.

Assuming that the monthly calculation is chosen, the first step is to convert the annual household burden into a monthly burden, as follows:

$$\text{Monthly household property tax burden} = \frac{\text{Average household property tax burden}}{12}.$$

For Orange County that calculation would look like this:

$$\text{Monthly household property tax burden} = \frac{\$2,985.59}{12} = \$248.80.$$

Multiply this amount by the percentage for each category of general fund spending (calculated in Step 4) to see the amount that the average household funds, in dollars, for each spending category each month.

13. This step does assume that property taxes are put exclusively into the general revenue fund. Furthermore, if a program is partially paid for out of the general revenue fund and partially paid for using other monies, only the money from the general revenue fund—not the total dollar amount—should be included.

$$\begin{aligned} \text{Average property tax spending on Program A per month} = \\ \text{Monthly household property tax burden} \times \\ \text{Percentage of general fund spent on Program A.} \end{aligned}$$

For Orange County, the calculation for spending on the sheriff's office would be expressed as follows:

$$\text{Average property tax spending on sheriff per month} = \$248.80 \times 6.2\% = \$15.43.$$

Step 6: Find Other Similarly Priced Items

Once the monthly burden has been calculated, the next step is to find similarly priced items to use as comparisons. Items should be relevant to your particular area as well as universal and easily recognizable. For example, the average monthly bill for the sheriff's office paid for by property tax dollars is about \$15.50, equivalent to the purchase of a package of socks. The goal is to find comparable items that all members of your community can relate to, including some items that are unique or particular to your community. Also, in order not to marginalize lower-income citizens, try not to include items that would be accessible only to those with higher incomes.

Step 7: Format

The final step is to format the receipt. The most important element of this step is to keep the receipt simple and readable. As such, how the receipt will be disseminated needs to be considered. If it is to be distributed electronically, hyperlinks to the different program websites (and to the budget document) would be helpful for taxpayers who would like to learn more about the programs they are funding. Also, be sure to use a format that is readable across different operating systems, such as PDF. If the receipt is going to be printed and mailed to taxpayers, money can be saved by printing the receipt in black and white and not color.

One aspect of keeping the receipt simple and readable is its length. A longer receipt will provide more information but may be too long to engage the reader from beginning to end, thus negating its purpose. A methodology section laying out the calculations that were made and providing individuals with access to complete budget numbers needs to be included. It is important to note in this section that the amounts listed on the receipt do not account for all revenue received for the categories selected in Step 3.

In reviewing Figure 3 as a model for your own receipt making, consider the following: What would you change? Are there ways to use colors, fonts, or images that would make the format more appealing to your residents? Is there too much emphasis on Chapel Hill? Are some of the selected programs too minor? Are there areas of spending you think should have been pulled out? What changes would you make to the receipt to make it more relatable for your community?

Figure 3. Sample Taxpayer Receipt Conceived for Orange County, North Carolina

Program	A Household's Monthly Property Tax	Household Equivalent
Community and environment*	\$7.58	Book of stamps
Economic development	\$0.52	One pressed penny
Culture and recreation*	\$0.87	Newspaper
Library services	\$2.36	A tube of toothpaste
Governing and management*	\$16.62	Five gallons of gasoline
Board of County Commissioners	\$1.10	Fountain drink at a gas station
County manager's office	\$1.14	Two rolls of toilet paper
Animal services	\$2.34	A small cup of coffee
General services	\$10.66	Bag of dog food
Human services*	\$7.16	Matinee movie ticket
Family Violence Prevention Center of Orange County	\$0.03	Three sheets of 20-pound white paper
Orange County Rape Crisis Center	\$0.03	Burn a 100-watt bulb for 6 hours
KidSCOpe	\$0.10	Five minutes of parking on Franklin Street
Orange Community Housing and Land Trust	\$0.21	Book in a yard sale
School health nurses	\$0.95	An app for your phone
Public transportation	\$1.12	Half a pound of chicken
Health department	\$10.06	Three gallons of gas
Department of Social Services	\$22.79	Meal for family of four at fast food restaurant
Public safety*	\$0.63	Candy bar
Emergency services	\$11.74	Burger and tea at Spanky's
Sheriff	\$15.46	Six pack of Hanes crew socks
Debt service	\$35.33	A dozen cupcakes at Sugarland
Education	\$92.57	One month's worth of diapers
Other	\$7.52	Paperback book
Total	\$248.90	Family smartphone bill

* Indicates total spending on that area of government minus those areas that are included separately on this receipt. For example, total spending on public safety is \$27.83, which is the sum of public safety, emergency services, and the sheriff. A version of this receipt that can be mailed out to citizens is presented in Appendix B.

Conclusion

It is reasonable to expect that the current trend of increased demands for transparency and higher levels of citizen engagement will continue. Coupled with this, elected officials and practitioners should anticipate new ways of engaging their citizens to stay informed and of seeking out innovative practices. Citizens already view engagement in terms of collaboration, where budgeting decisions are discussed and their opinions are integrated into the choices being made.¹⁴ It is therefore advisable for local governments to be proactive and to try to stay ahead of the curve by taking a hard look at their citizen engagement practices and ways of bolstering what they are already doing.

Taxpayer receipts should be used in communities where it is perceived that their usage will add value to the engagement process. Communities should ensure that they have both the ability to create a receipt and to effectively distribute it. A taxpayer receipt may be effective in communities that can share the information provided by including the receipt in tax bills, mailing it out, or posting it in public venues, such as municipal libraries.

While budget hearings and making proposed and adopted budget documents available to the public are statutorily mandated forms of engagement, it is wise for local governments to have additional strategies in place in order to reach different segments of the population and to relay information and potentially receive feedback through various media. This may result in superior engagement from a larger distribution of the population and allow officials to point citizens to different forums for seeking out information. There is also evidence that using multiple strategies and types of citizen engagement will lead to more trust and build up a local sense of community.¹⁵

14. Maureen M. Berner, Justin M. Amos, and Ricardo S. Morse, "What Constitutes Effective Citizen Participation in Local Government? Views from City Stakeholders," *Public Administration Quarterly* 35, no. 1 (2011): 128–163.

15. Carol Ebdon and Aimee L. Franklin, "Citizen Participation in Budgeting Theory," *Public Administration Review* 66, no. 3 (2006): 437–47.

Appendix A. Additional Citizen Engagement Innovations

In addition to the potential advantages of a taxpayer receipt, local governments have found other similar ways of relaying much of this same information. The two variations discussed in this appendix, while not as easily accessible as a taxpayer receipt, do allow local governments to benefit from the citizen education and engagement that comes with taxpayer receipts.

The first variation comes from Myrtle Beach, South Carolina. Its Fiscal Year 2013 budget document includes an informational section for citizens that outlines the organization of the local government structure as well as provides some basic budget data and, most interesting for our purposes here, a comparison of tax dollars to spending power of the city.¹⁶ The informational insert is written in non-technical language making it accessible to a wide audience. Much like the Connecticut receipt, it includes a page dedicated to showing items that can be purchased for the same amount as the average tax burden. Unlike the receipt examples discussed in the text, the Myrtle Beach insert presents the total spending of the city, not specific expenditure areas.¹⁷ The section also explains non-property tax sources of city revenue and compares city taxes and fees with comparable municipalities.¹⁸

Like the taxpayer receipt, the Myrtle Beach insert contextualizes costs. For example, it illustrates that for the price of a tank of gas per month, the city can purchase a bullet-proof vest for a police officer or seventy-two children's books for the library, annually.¹⁹ For this reason alone it does more with regard to putting taxes into context for citizens than most other information sharing tools.

The primary drawback of this Myrtle Beach example is that it is part of the larger budget Fiscal Year 2012–2013 document, which is 129 pages long, with the buying power of taxes section appearing on page 22.²⁰ In addition, the section itself is not highlighted within the table of contents, which means that citizens have to search for it in the actual budget document. Requiring such a time commitment from citizens may not be feasible. A potential solution to this issue would be to also distribute the insert as a stand-alone document.

A second disadvantage of the insert is its potential for manipulation. As discussed in the text, the risk of manipulation, intentional or unintentional, is high in the case of the taxpayer receipt and is so in this case as well. More citizens are more likely to support paying for a bullet-proof vest than for other areas of government spending, such as subsidizing SportsPlex memberships for county employees.²¹ Furthermore, it gives very little context for the vast majority of government programs and spending. Listing only three or four areas of government spending presents citizens with a very limited picture of the scope of government and of the context through which a particular area of spending fits into the larger budget. In contrast, a more well-rounded and holistic look at the budget provides greater context for helping citizens see where their tax

16. City of Myrtle Beach, "City of Myrtle Beach Annual Budget and Financial Plans 2013," www.cityofmyrtlebeach.com/PDF%20Forms/FY%202012-2013%20Budget%20Document.pdf (accessed Nov. 17, 2013).

17. "City of Myrtle Beach Annual Budget and Financial Plans."

18. Myrtle Beach looks at business licenses, franchise fees, licenses and permits, charges for services, intergovernmental grants and fees, fines and forfeitures, and other financing. "City of Myrtle Beach Annual Budget and Financial Plans."

19. "City of Myrtle Beach Annual Budget and Financial Plans."

20. "City of Myrtle Beach Annual Budget and Financial Plans."

21. Which is done in Orange County.

dollars go. Government leaders who decide to use this approach must be diligent in choosing items that have a low risk of manipulation.

Another innovative tool for engagement comes from Fairfax County, Virginia, where Supervisor John Cook created the “Design Your County Budget” budget simulation for his constituents. The goal of the simulation is to empower citizens to get engaged in the budget process by giving them a “chance to add or subtract spending from the County Executive’s budget, just like the Board of Supervisors.”²² The simulation begins by showing the proposed county budget and its spending breakdowns as well as proposed tax rates. It then allows citizens to customize the budget. To assist citizens in this step, the exercise includes several documents highlighting various potential spending cuts and restorations and their policy and financial implications. It then helps citizens determine the necessary tax rate needed to sustain the budget and the median household tax burden under that rate. Citizens are encouraged to send their completed budgets to the county. In an effort to elicit a high response rate, the city allows citizens to mail, fax, email, tweet, or Facebook their proposed budgets.

The main advantage, and purpose, of this variation is to put citizens in the policymaker’s shoes and see how difficult it is to create a budget that balances affordability with quality in the provision of government services. In addition, by enabling and encouraging citizens to share their budgets with county executives, it encourages more active participation.

The budget simulation tool has two primary disadvantages as compared to the property tax receipt. The first is that, because the tax burden is done in the aggregate and not by expenditure, the simulation does not show how much of each taxpayer’s tax burden pays for various county services, as does the taxpayer receipt. By showing how much individual taxpayers pay for various public services, the receipt enables citizens to contextualize their personal tax burden and see where their tax dollars are being spent. The second disadvantage of the budget simulation tool is the necessary holistic view called for on the part of citizens, who tend to focus on their own interests, whereas local government officials must consider the interests of the entire community. Only citizens who have the intention and the time to complete the simulation will benefit, and they may not be a representative sample of the community. So while the budget simulation exercise can provide interesting and helpful information, it most likely captures only a portion of your community’s needs and preferences.

22. John C. Cook, “Design Your County Budget,” www.fairfaxcounty.gov/braddock/pdfs/letter-simulation.pdf (last modified March 20, 2013; accessed Nov. 17, 2013).

Appendix B. Sample Property Tax Receipt for Orange County, North Carolina

Property taxes are the largest source of general fund revenue for Orange County, contributing \$136,928,193 (76% of general fund revenue) in Fiscal Year 2012–2013. County services that are not paid for by the general fund are paid for in part by other local governments, the State of North Carolina, or the federal government as well as through user fees and debt. There are also additional revenue sources that contribute revenue to the general fund, such as local sales taxes.

This sample receipt is designed to show the purchasing power of property taxes in terms of the public services they fund. The average Orange County household pays about \$2,985.59 in property taxes annually or roughly \$248.90 per month. This hypothetical receipt compares the costs for public services that the average taxpayer pays per month with the monthly cost of household items that the average taxpayer purchases on a regular basis.

Program	A Household's Monthly Property Tax	Household Equivalent
Community and environment*	\$7.58	Book of stamps
Economic development	\$.52	One pressed penny
Culture and recreation*	\$.87	Newspaper
Library services	\$2.36	A tube of toothpaste
Governing and management*	\$16.62	Five gallons of gasoline
Board of County Commissioners	\$1.10	Fountain drink at a gas station
County manager's office	\$1.14	Two rolls of toilet paper
Animal services	\$2.34	A small cup of coffee
General services	\$10.66	Bag of dog food
Human services*	\$7.16	Matinee movie ticket
Family Violence Prevention Center of Orange County	\$.03	Three sheets of 20-pound white paper
Orange County Rape Crisis Center	\$.03	Burn a 100-watt bulb for 6 hours
KidSCOpe	\$.10	Five minutes of parking on Franklin Street
Orange Community Housing and Land Trust	\$.21	Book in a yard sale
School health nurses	\$.95	An app for your phone
Public transportation	\$1.12	Half a pound of chicken
Health department	\$10.06	Three gallons of gas
Department of Social Services	\$22.79	Meal for family of four at a fast food restaurant
Public safety*	\$.63	Candy bar
Emergency Services	\$11.74	Burger and tea as Spanky's
Sheriff	\$15.46	Six pack of Hanes crew socks
Debt service	\$35.33	A dozen cupcakes at Sugarland
Education	\$92.57	One month's worth of diapers
Other	\$7.52	Paperback book
Total	\$248.90	Family smartphone bill

* Indicates total spending on that area of government minus those areas that are included separately on this receipt. For example, total spending on public safety is \$27.83, which is the sum of public safety, emergency services, and the sheriff.

All data presented here were collected from the [Fiscal Year 2012–2013 Annual Operating Budget](#) for Orange County. This receipt is modeled after Matt Santacrose and Wade Gibson, “A Connecticut Taxpayer Receipt,” Connecticut Voices for Children (April 2012), www.ctvoices.org/publications/connecticut-taxpayer-receipt.

Methodology

Calculations for the sample receipt were performed as follows:

- An asterisk indicates total spending on that area of government minus those related areas of spending that are included separately on this receipt. For example, total spending on public safety is \$27.83, which is the sum of public safety, emergency services, and the sheriff.
- Monthly tax burdens are calculated using the average household property tax bill in Orange County. The average annual tax burden was \$2,986.80 or \$248.90 monthly. This number is calculated by dividing the total property tax revenue (\$136,928,193) by the number of households (45,863) in Orange County.
- Program expenditures are taken from the Fiscal Year 2012–2013 Annual Operating Budget for Orange County. Only expenditures funded by property tax revenue are included. Total property tax–funded expenditures were \$136,928,193. Expenditures from non–property tax revenue sources are not listed.
- Non–property tax general fund revenue sources are: sales tax (\$15,742,304), licenses and permits (\$313,000), intergovernmental funding (\$13,595,810), charges for services (\$9,292,257), investment earnings (\$105,000), miscellaneous revenue (\$798,340), transfers from other funds (\$1,040,000), and appropriated fund balance (\$2,187,872).
- All annual property tax expenditures were divided by twelve to generate monthly expenditures.
- All spending categories funded by property taxes are listed. To ensure simplicity and readability, not all programs are listed individually in the receipt.

Disclaimer: This receipt was prepared by the School of Government at the University of North Carolina at Chapel Hill to serve as an illustrative example of a taxpayer receipt. It is neither affiliated with Orange County nor an official document or receipt.

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