

Civic Information, Civic Engagement and Local Fiscal Attitudes in California

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In recent years, California municipalities have faced difficult fiscal challenges. Economic contraction and a tepid recovery have stretched budgets to their limits – and then some – leaving elected officials with an unenviable Hobson’s Choice: cut services (and jobs), raise taxes, or amass debt. What role might politics play in contributing to imbalanced municipal ledger sheets? Specifically, might high levels of civic engagement (lauded by democratic theorists and political practitioners alike) translate into citizens placing pressure on elected officials to maintain services without raising taxes – thereby making fiscal responsibility during “lean years” an even more daunting challenge than it already is? In other words, might representative democracy actually discourage good fiscal governance?

The answer may depend on just what the aforementioned civic engagement looks like. To be precise, the fiscal impact of civic engagement may depend on the extent to which engaged citizens are also informed about municipal taxing and spending. When citizens are well informed about local fiscal matters, then an active public may give politicians necessary cover to make responsible budgetary decisions. However, when citizens are uninformed – or worse yet, *misinformed* – budgeting decisions may suffer, because the public may actually demand fiscal irresponsibility.

To begin exploring these possible dynamics, the **Center for California Studies** at Sacramento State commissioned the *2013 Civic Engagement and Municipal Fiscal Attitudes Survey of Californians*. Sacramento State’s **Institute for Social Research** and **Project for an Informed Electorate** developed the survey questionnaire, designed the sampling procedure, conducted the interviews and analyzed the patterns of responses. This report details the methods of that investigation and its results.

I. Survey Methodology and Sample Demographics

From April 4th-May 8th, 2013, the Institute of Social Research used Computer Assisted Telephone Interviewing (CATI) techniques to conduct a random digit dial (RDD) survey of 938 municipal residents of California. Because our focus is on how public knowledge and engagement levels intersect to affect attitudes regarding *municipal* budgeting, we excluded residents of unincorporated or rural areas.

Thirty percent of our telephone sampling frame, from which the sample was drawn, represented cellphones – reflecting the fact that landline only sampling frames contain biases related to age, gender, and socioeconomic status.

Sampling Design

We employed a multi-stage sampling design. First, we stratified the state into two regions (north/north-central and south).

Second, within each region, we chose counties from which to draw our municipalities. In the south region, that meant choosing all 13 counties. In the north/north-central region, however, that meant randomly choosing 13 counties out of 45. Although we did not deliberately stratify the county sample in this way, the counties are distributed roughly equally between coastal and inland geographical locations.

Third, in cases where counties contain more than one municipality, we randomly chose municipalities from within the counties, to obtain a sample of 30 municipalities (out of 482 total municipalities; see <http://www.cacities.org/Resources/Learn-About-Cities>). The number of municipalities within the two regions is roughly equal, with 248 (51.5%) municipalities in the south region and 234 (48.5%) in the

north/north-central region. In three cases involving large counties with many cities/towns (Los Angeles, Orange and Contra Costa), we chose more than one municipality within a given county (Los Angeles County is represented by three municipalities; Orange and Contra Costa Counties are represented by two, respectively). The final sample includes 14 northern and 16 southern municipalities (see Appendix). This oversampling of select southern counties yields a distribution that is proportionally representative (approximately) of the population in the two regions.

Finally, having determined our sample of 30 municipalities, we randomly drew our sample of citizens using RDD technology for area codes associated with the chosen municipalities. We set a target of 30 completed survey interviews within each of our 30 municipalities (producing a total sample size goal of 900 respondents). Thus, our sample is not representative of populations *within individual counties*. It does, however, represent the population of California municipal residents quite well (see below; the margin of error for sample statistics is approximately $\pm 3.5\%$).

Sample Demographics

In the end, we completed 938 interviews of California municipal residents. Our average respondent is 50 years old, has lived in his or her city/town for 20 years, has “some college” experience, and earns \$49,000 per year. 56% of the respondents are women. 53% are non-Hispanic Whites; 30% are Hispanic; 4% are African American; 5% are Asian American; 2% are Native American, and 7% are multi-racial.

II. Fiscal Attitudes

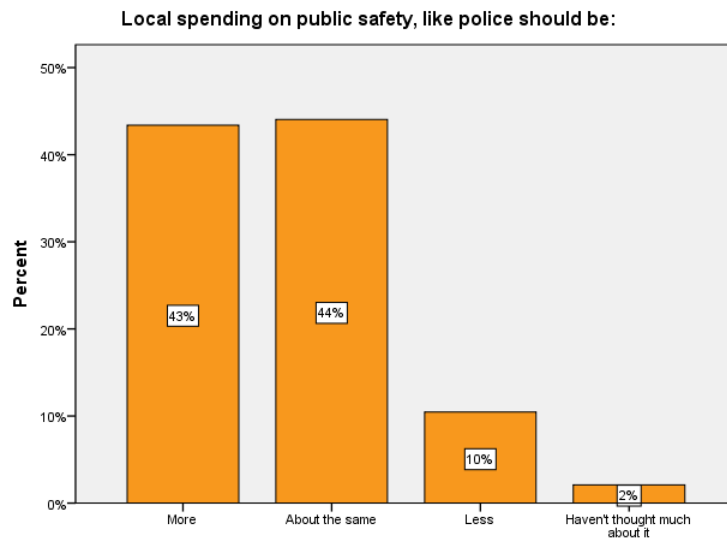
We asked a series of questions designed to assess citizen preferences and priorities in regards to local government spending, local taxes, and the relative importance placed on balanced budgets. We found variation in support for spending by service area, a split in attitudes towards taxes, and interesting symmetry in preferences for trade-offs between priorities.

Spending

We asked respondents if they thought local spending should be more, about the same, or less on five different local service areas: public safety, infrastructure, public enrichment, public employee pensions, and economic development. Majorities wanted spending either stable or increased on every item, and a plurality actually preferred increased spending on infrastructure.

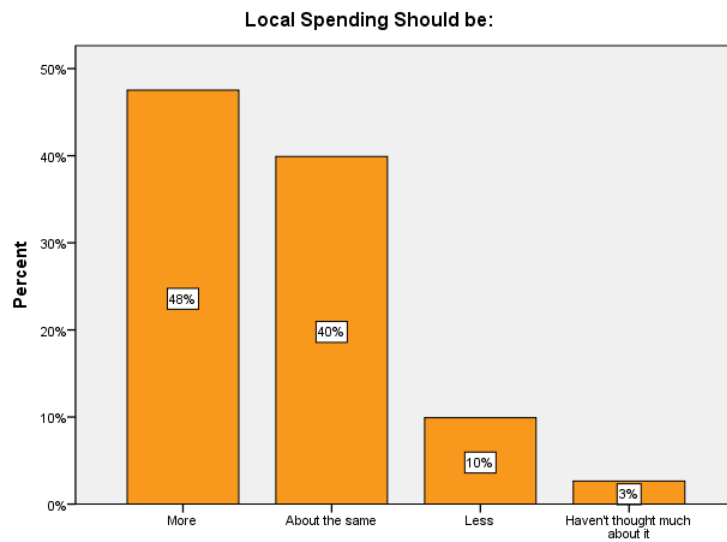
As seen in Figure 1, respondents were largely supportive of public safety spending, with 43% preferring increased spending on “public safety, like police”, 44% favoring the status quo, and 10% wanting a decrease.

Figure 1: Public Safety



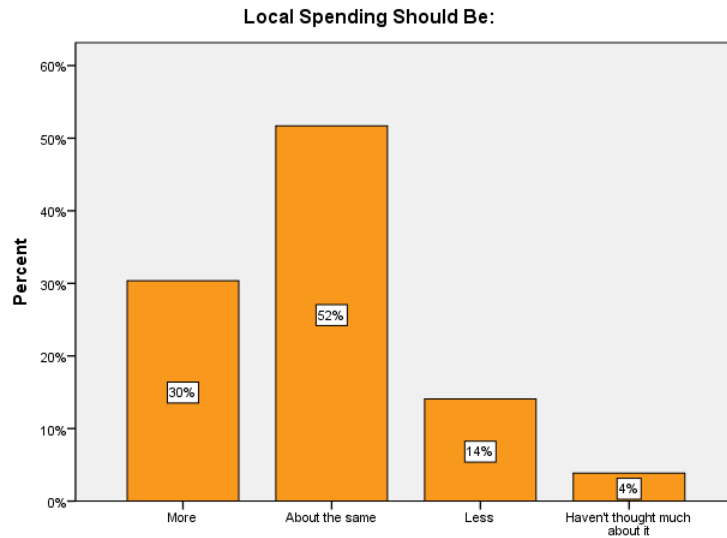
Likewise, and to an even greater degree, as Figure 2 reveals, local infrastructure spending was clearly supported by respondents, with 48% desiring more spending on “infrastructure, like roads”, 40% for stable spending, and only 10% wanting less spending in this area. Indeed, of the five expenditures on which we polled, this is the one supported by the largest number of respondents.

Figure 2: Infrastructure, Like Roads



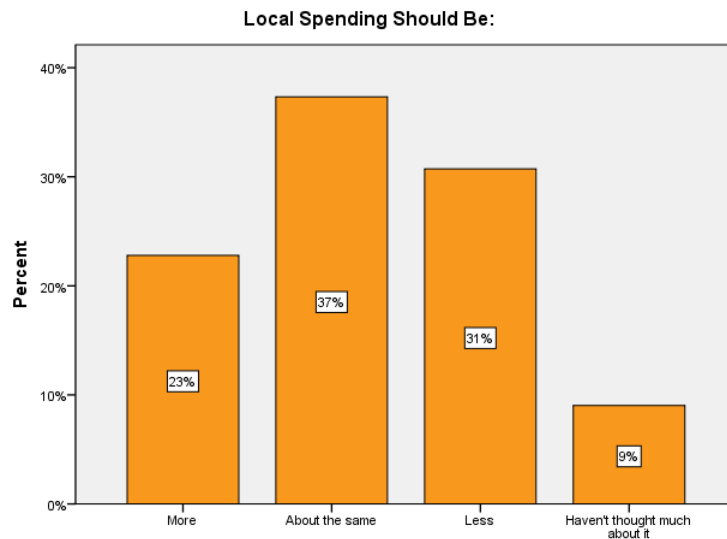
Similarly, as can be seen in Figure 3, support for spending on “public enrichment, like parks” also polled quite well, with 30% preferring a spending increase, 52% satisfied with the status quo, and 11% wanting a cut.

Figure 3: Public Enrichment, Like Parks



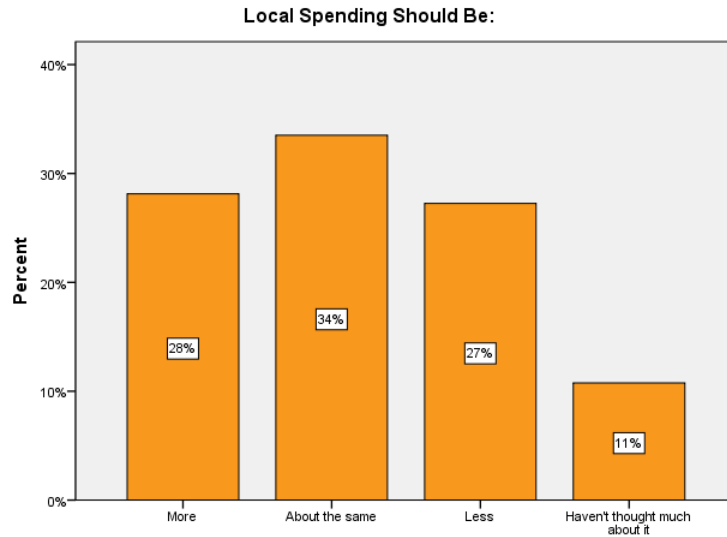
By contrast, public preferences were more mixed on the last two spending items. First, as Figure 4 shows, when it comes to spending on “public employee benefits, like pensions”, 23% think workers deserve more, 37% think spending is good at current rates, and 31% want less local employee benefit spending. This is the only item for which more citizens want a reduction than want an increase in spending.

Figure 4: Public Employee Benefits



Finally, spending on economic development got the most equally distributed responses, perhaps because people don't know as much about it (as suggested in the highest percentage of the sample of "haven't thought much about it" responses). As displayed in Figure 5, below, twenty-eight percent of respondents thought that spending on "economic development, like business subsidies" should be increased, 34% thought it should remain the same, and 27% wanted a decrease.

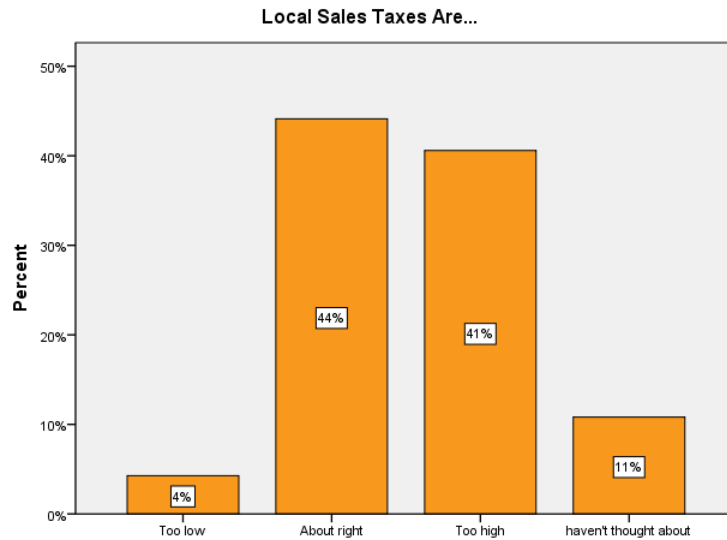
Figure 5: Economic Development, Like Business Subsidies



Taxes

In spite of the overall support for steady or increased spending on specific items, abstract support for the taxes that provide those funds was mixed. As can be seen in Figure 6, a plurality (44%) thought that local sales taxes were about right, 41% felt they were too high, while only 4% felt that they were too low.

Figure 6: Attitudes toward Local Sales Taxes



Summary: Taxes and Spending

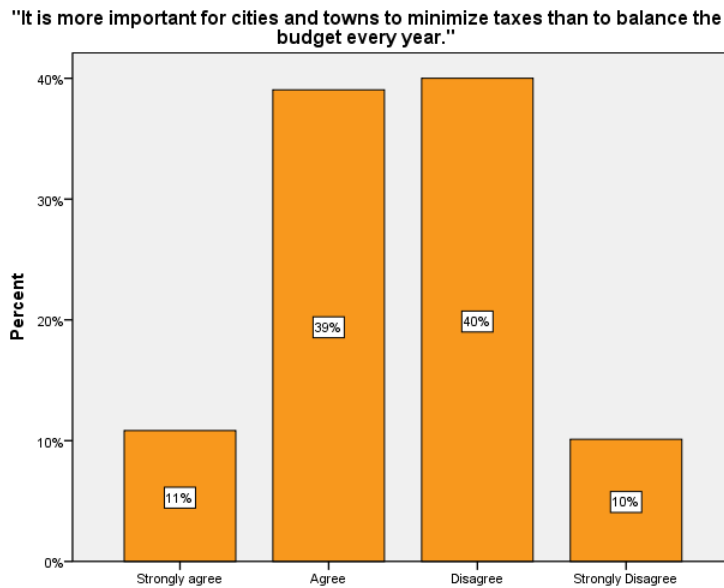
Looking at the program spending and tax preferences together, a familiar pattern emerges, wherein a significant number of citizens value spending on services, but also prefer lower taxes. If we sum responses to the five specific spending areas, 58% want to increase spending, on balance. However, in the abstract, only 4% thought local taxes were too low. On the flipside, 24% want to cut spending, on balance, but 41% thought that taxes were too high in the abstract.

Budget Balance vs. Low Taxes and Service Investment

In light of the patterns revealed above, whereby many citizens want their local municipalities to simultaneously boost spending while keeping tax levels constant or even cutting them, we were quite interested to learn more about how citizens view balanced budgets – and how they prioritize fiscal balance relative to the services they receive and the taxes they have to pay. Accordingly, we asked respondents to answer two such trade-off questions -- one asking respondents to prioritize between low taxes and balanced budgets, and the other to prioritize between investment in services and balanced budgets.

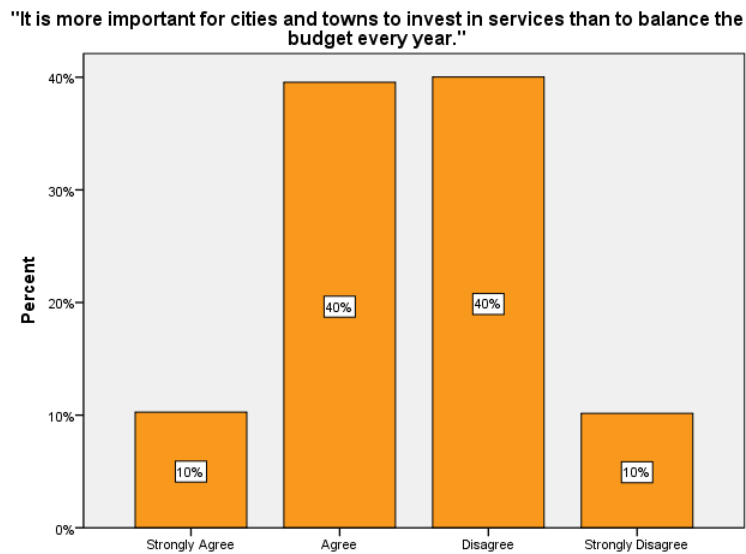
On both questions, respondents were asked the degree to which they agree with particular statements, on a four point scale (strongly agree to strongly disagree). The responses were remarkably similar. The first trade-off statement was “It is more important for cities and towns to minimize taxes than to balance the budget every year.” The results were split exactly 50/50 in terms of agree vs. disagree (see Figure 7).

Figure 7: Low Taxes vs. Budget Balance



The second statement read as follows: "It is more important for cities and towns to invest in services..." It also produced a 50/50 agree/disagree split in terms of respondent preferences (see Figure 8).

Figure 8: Service Investment vs. Budget Balance



Summary: Tradeoffs

In looking more deeply at the trade-off questions, the data show surprisingly few differences by party identification, gender, or attentiveness to news about local politics. In summing across the two

questions, 35% of respondents would choose a balanced budget over either minimizing taxes or investing in services. Another 35% would prefer both of the other options over a balance budget, and 30% would prefer a balanced budget to one of the options, but not the other.

III. Civic Engagement and Knowledge

One of the chief motivations behind this study was a desire to understand the relationship between local civic engagement and local political knowledge about fiscal affairs. Overall, we found relatively high reported levels of attentiveness and participation in local public affairs, but less impressive levels of knowledge on fiscal items.

Attentiveness

Respondents reported high levels of attentiveness. We presume that these numbers may be somewhat inflated due to social desirability bias. Sixty-two percent of respondents claim to have followed local public affairs in the news on at least 5 days in the last week. Only 11% admitted to not following local news at all in the last week.

Participation

We measured political participation two ways: voting and contacting local public officials. Sixty-seven percent of respondents reported voting in the last election. This is in the range of general turnout rates for the 2012 General election in California, which was 56% of eligible voters, and 72% of registered voters (with rates typically being a bit higher among city-dwellers than rural residents).

An impressive 20% of respondents reported having contacted a local public official either by letter, phone, or e-mail in the last year.

Knowledge

We designed five questions aimed at determining the level of citizen knowledge about fiscal matters. All five were general enough to apply to cities/ towns across the state and simple enough to be answered correctly -- by even minimally attentive and knowledgeable citizens.

The first question was "Is your city budget in surplus, deficit, or balance?" Responses were compared against budget data for the cities/towns in our sample. Twenty-five percent of respondents were able to answer this question correctly.

Secondly, we asked an open ended question about the city's sales tax rate. We accepted responses within several points (between 7% and 10%). Perhaps because of the generous range, this was the question with the most correct responses (65%).

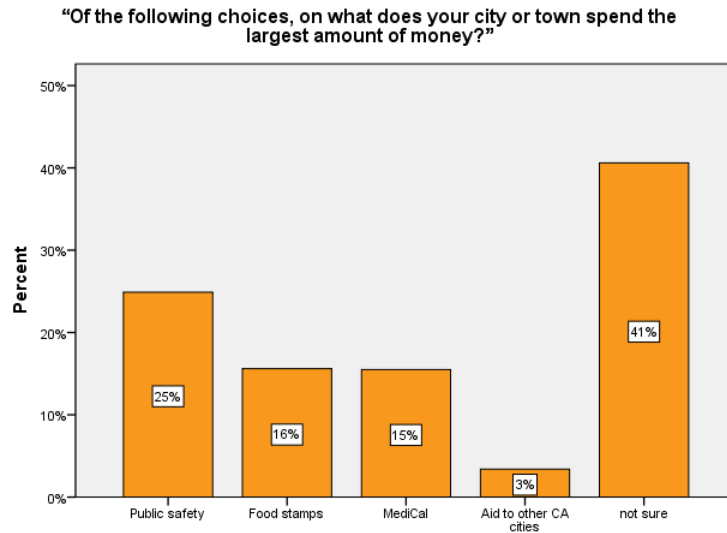
Next, we asked two questions about the state's budget -- in an attempt to tap mass understanding of fiscal matters in general. First, we asked "Was the state budget last year in surplus, deficit, or balance?" Fifty-seven percent of respondents knew that the state's budget was in deficit last year. However, when we asked the follow-up: "Has this year's state budget improved, stayed the same, or gotten worse?"

there was an apparent lag in taking in new information -- only 17% knew that the state's budget situation has improved in 2013.

Finally, in what was perhaps our most novel survey item (and the one that produced the most surprising results), we asked "Of the following choices, on what does your city or town spend the largest amount of money: public safety, food stamps, MediCal, or aid to other California cities, or are you not sure?" This was a bit of a trick question; only one of the items is a municipal level responsibility (public safety). Food stamps are a federal program, MediCal is administered at the state level, and there is no such thing as "aid to other cities/towns."

As Figure 9 displays below, only 25% correctly responded that public safety was the largest (actually, the only) municipal expenditure of those listed. A full 41% admitted to not knowing -- an unusually high "don't know" response for survey questions as people often want to bluff about their knowledge. Overall, these results show a troubling lack of understanding of which responsibilities lie with which level of government.

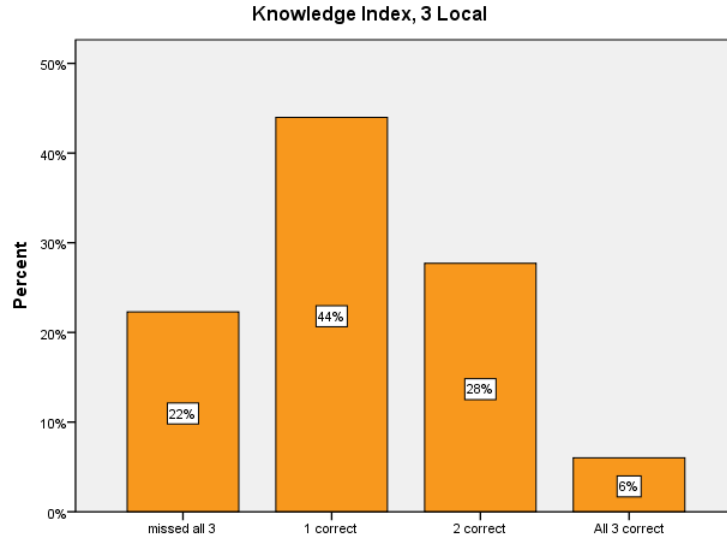
Figure 9: Spending knowledge



Summary: Knowledge

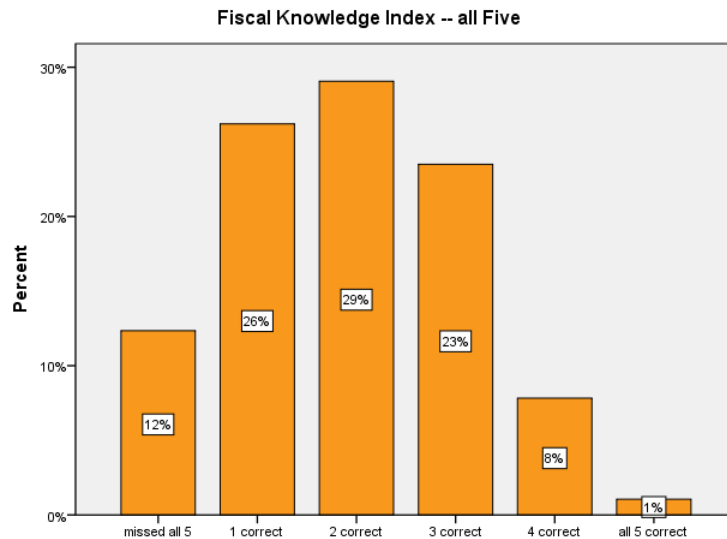
When combining the knowledge questions into indexes, it becomes clear that knowledge levels skew lower than would be ideal. For just the three local questions, the modal number correct was one out of three. Only six percent answered all three local fiscal questions correctly (see figure 10).

Figure 10: Local Knowledge Index



What is more, when combining all five fiscal knowledge questions, the modal response was 2/5 correct. Only one percent of respondents were able to answer all five questions correctly, while twelve percent missed all five. Clearly, knowledge levels on local/ state fiscal matters leave much to be desired (see Figure X).

Figure 11: Five Item Knowledge Index



What patterns emerge when looking at the intersection of knowledge and civic engagement? We found that higher levels of knowledge were statistically significantly associated with more civic engagement, which is reassuring for those concerned about civic health and participation. However, with engagement levels reasonably high but knowledge levels woefully low, there are clearly large numbers of California cities and towns who are participating in the political process without knowing even the most basic facts about how their city or town spends money or raises money, or how the state is doing with regard to keeping its financial house in order.

IV. Relationships

So how do civic knowledge and engagement, both independently and in concert, condition citizen attitudes toward taxes, spending, and budgets? To gain greater appreciation of these questions, we estimated a series of probit regression models.

First, to measure the impact of engagement and knowledge in a way that simplifies presentation and discussion, we created four dichotomous variables – categorizing people as “engaged and informed,” “engaged but not informed,” “informed but not engaged,” and “disengaged and uninformed” -- based on their responses to some of the items discussed above.

Because such a small number of respondents could correctly answer all five knowledge items -- or even all three items pertaining to local fiscal matters -- we categorized a respondent as “informed” if s/he could correctly answer what we consider the two easiest questions regarding local municipal finances: that their local sales tax rate is between seven and ten percent AND that their municipality spends more on public safety than on Medical, Food Stamps or aid to other cities. Nineteen percent of the sample could meet these criteria. Admittedly, this is not a very high threshold that one has to meet to be classified as “informed.” Indeed, we consider those in this category as meeting the absolute minimal threshold.

We classified a respondent as “Engaged” if s/he (a) says s/he voted in the last local election and (b) says s/he contacted a local elected official in the last year. Just eighteen percent of the sample met this threshold.

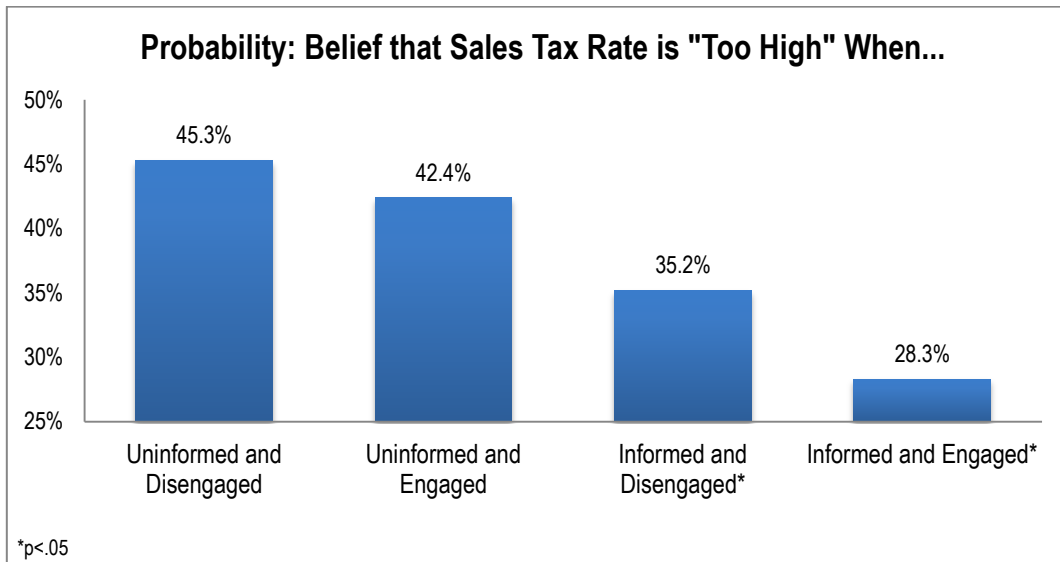
Sixty-five percent of the sample fell into the “uninformed and disengaged” category, whereas just seven percent could be classified as both “informed and engaged.” An additional seventeen percent could be called “informed but disengaged,” whereas eleven percent fell into the “engaged but uninformed” category.

Knowledge, Engagement, and Taxation Preferences

First, we examined how preferences regarding sales taxes (discussed earlier) varied according to the different information/engagement categories we created. Again, to simplify discussion, we dichotomized tax preferences into those who see local sales taxes as “too high” vs. everyone else.

As Figure 12 reveals below, as respondents were identified as engaged, informed, or both, the probability of believing local sales tax rates are “too high” decreased. When a respondent was identified as uninformed and disengaged, the probability of wanting to cut taxes is 45.3% -- nearly half the sample. Among respondents identified as uninformed and engaged, the probability of wanting to cut taxes drops a little bit, to 42.4%. By contrast, for respondents identified as informed but disengaged, the probability of wanting to cut taxes falls to 35.2% (a statistically significant difference [$p < .05$]). And for those respondents whom we identified as informed and engaged, the probability of wanting to cut taxes is only 28.3% -- a 17% difference between respondents in this category and those in the uninformed/disengaged category (which represents a statistically significant difference [$p < .01$]).

Figure 12: Information, Engagement and Taxation Preferences



Knowledge, Engagement, and Spending Preferences

Second, we performed similar analyses in order to observe the relationships between our information/engagement categories and preferences for more municipal spending (vs. the same or less) on services. To determine this, we summed responses to each of the spending items discussed above, and calculated preferences “on balance” – e.g. if someone indicated that s/he preferred less spending on pensions, the same amount on economic development and and parks, but more spending on public safety and roads, s/he would be categorized as preferring more spending, on balance.

In this case, however, we did not observe any statistically significant relationships. That is, spending preferences do not appear to vary according to respondent levels of information and engagement.

Unfortunately, this measurement strategy did not enable us to determine the *degree* to which an individual might want to spend on individual items. That is, an individual might want to spend a little more on public safety and roads, but zero out the budget for pensions, which would mean that s/he really wants to spend less, overall. Similarly, as discussed earlier, our measures of both information and engagement are admittedly quite crude, and fail to differentiate truly sophisticated citizens from those who just know/participate a little bit. These are admitted shortcomings associated with our greatly simplified measures. However, when we performed additional analyses using more sophisticated measures, we still did not observe any consistent statistically significant patterns.

Knowledge, Engagement, and Stated Budget Preferences

Next, we investigated potential relationships between information/engagement and *stated* budgetary preferences. That is, we examined how information and engagement relate to what respondents *say* they prefer when it comes to balanced budgets vs. either low taxes or investment in public services. If a citizen responded to *both* of those items by indicating a preference for balanced budgets, we considered

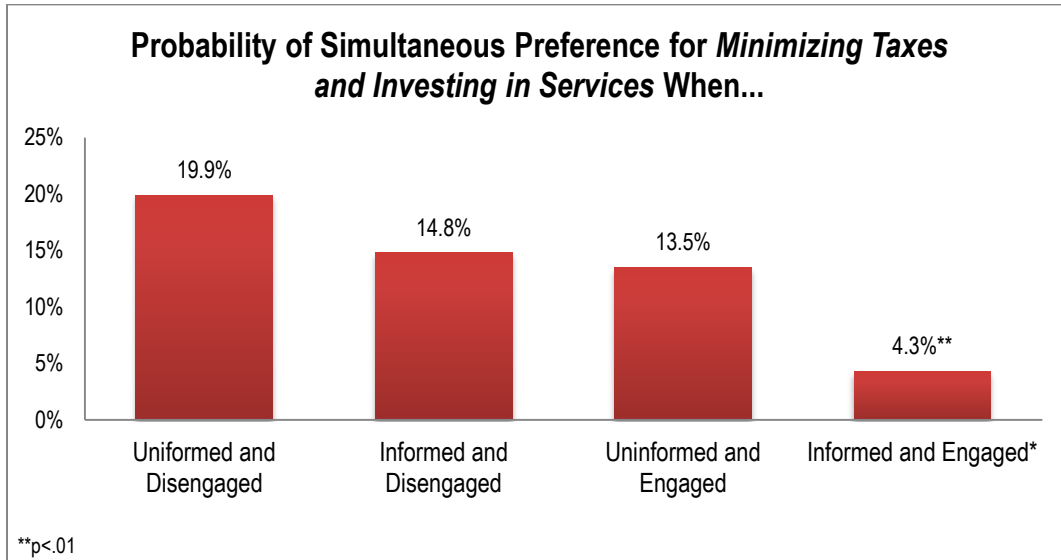
him or her to be “fiscally conservative” – which amounted to 34% of the sample. We compared such fiscal conservatives to all other respondents. Again, we failed to observe any statistically significant relationships between being informed/engaged and what people say, when prompted directly about budget concerns. However, as we discuss next, it appears that sincere preferences for spending/taxes vs. budget balancing look quite different.

Knowledge, Engagement, and de facto Preferences for Budget Deficits

Finally, we wanted to see the degree to which information and engagement (at minimal levels) are associated with what we consider to be “sincere” preferences regarding budgetary balance, taxes, and spending. To measure such sincere preferences, we combined the spending and taxes items discussed above (in this section) such that respondents who *simultaneously* prefer *lower* taxes and *more* spending on services -- which logically produces budget deficits (20% of the sample) are compared to all other respondents.

Looking at Figure 13 below, we see that as a respondent identified as engaged, informed or both, the probability that s/he would simultaneously prefer minimizing taxes and investing in services decreased. Specifically, among respondents identified as uninformed and disengaged, the probability of simultaneously preferring lower taxes and more services is 19.9%. Among respondents identified as informed but disengaged, the probability that they would simultaneously prefer minimizing taxes and investing in services as opposed to balancing the budget was 14.8% (but this is not a statistically significant difference). Similarly, among respondents identified as uninformed and engaged, the probability that they would simultaneously prefer minimizing taxes and investing in services as opposed to balancing the budget was 13.5% (again, this is not a statistically significant difference from those who are uninformed and disengaged). However, among respondents categorized as both informed and engaged, the probability simultaneously preferring lower taxes and more spending (and thus budget deficits) is only 4.3% -- which represents a statistically significant difference from those who are uninformed and disengaged ($p < .01$). In other words, we observe a 15.6% difference in the probability of simultaneously preferring lower taxes and more services between those whom we identified as uninformed and disengaged and those whom we identified as informed and engaged.

Figure 13: Information, Engagement, and *de facto* Preferences for Budget Deficits



V. Conclusion

Very few previous survey data collections, if any, have queried citizens regarding municipal level taxing, spending and budgeting preferences. Thus, these results cannot be compared (or verified) in relation to others. However, these patterns of responses suggest a few things, some of which can be considered good news and some of which might be considered bad news – democratically speaking. First, one piece of bad news is that the typical citizen knows very little about municipal taxing and spending activities – especially the latter. The good news, however, is that such citizens are also less inclined to vote or contact their elected officials.

Another piece of what many might consider to be good news – at least among those for whom fiscal impropriety is a significant concern – is that among those who can be considered at least minimally informed, and especially among those who are also politically participatory, fiscal responsibility appears to be the norm. However, as we have mentioned repeatedly, the bad news is that such citizens are few and far between.

More good news is that most citizens, overall – even many citizens whom we have categorized as uninformed -- appear to make the logical connection that combining more spending with lower taxes is not a viable budgeting strategy. However, not surprisingly, uninformed citizens are much *less likely* than informed citizens to connect those dots. So the bad news is that unrealistic expectations by local electorates are quite a bit more common than they might be if more of us were informed – and those unrealistic expectations could have fiscal consequences.

Overall, from these patterns of survey responses, we of course cannot draw any definitive conclusions about the degree to which uninformed citizens might actually be pressuring local elected officials to pursue fiscal irresponsibility in California – or, to put it in more grandiose terms, whether representative

democracy could be making responsible governance more difficult. But the data are not inconsistent with such concerns. More research should be conducted to further flesh out this possibility.

**APPENDIX:
Cities and Counties Included in Survey Sample**

Key	City/Town	County
1	Anderson	Shasta
2	Antioch	Contra Costa
3	Bell	Los Angeles
4	Bishop	Inyo
5	Capitola	Santa Cruz
6	Colfax	Placer
7	Delano	Kern
8	El Segundo	Los Angeles
9	Encinitas	San Diego
10	Farmersville	Tulare
11	Gridley	Butte
12	Gustine	Merced
13	Hanford	Kings
14	Hercules	Contra Costa
15	Hesperia	San Bernardino
16	Imperial	Imperial
17	Laguna Beach	Orange
18	Lawndale	Los Angeles
	Mammoth	
19	Lakes	Mono
20	Moorpark	Ventura
21	Murrieta	Riverside
22	Placerville	El Dorado
23	Rio Vista	Solano
24	San Luis Obispo	San Luis Obispo
25	Santa Maria	Santa Barbara
26	Saratoga	Santa Clara
27	Susanville	Lassen
28	Sutter Creek	Amador
29	Winters	Yolo
30	Yorba Linda	Orange