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## Coates' Canons Blog: Notices and Public Participation in the Budgeting Process

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Budget season is in full swing for most local governments across the state. Managers, budget officers, department heads, and others are busy compiling expenditure requests and identifying potential revenue sources to balance the budget for the fiscal year that begins on July 1. Elected officials in many jurisdictions have been actively involved in setting policy and funding priorities for the unit. They are preparing to make difficult choices as to which projects and services to undertake, and which initiatives to postpone or even abandon. Board members also are determining the mix of revenue mechanisms that will be used to fund the projects and services, and deciding whether changes will be made to tax rates and fees. But what role does the public play in this process?

The answer to that question varies significantly among jurisdictions and even from year-to-year within a jurisdiction. The Local Government Budget and Fiscal Control Act, **G.S. Ch. 159, Art. 3**, prescribes the minimum process requirements that a unit must follow to provide notice to the public of the proposed budget and afford citizens an opportunity to comment. Many jurisdictions go well beyond the minimum requirements in order to facilitate meaningful citizen participation in the budget process. These additional public outreach efforts serve a valuable purpose, but they do not relieve a local unit from complying with the statutory requirements.

This post summarizes the statutory notice and public input provisions. It also highlights resources available to help local units better integrate public participation in the budget process.

### Public Notice of Budget Process

A unit's budget officer must compile budget requests, estimate revenues, and submit a proposed budget and budget message to the board on or before June 1. **G.S. 159-11**. The budget message must contain a summary explanation of the unit's goals for the budget year. It serves to highlight important activities funded in the budget and any changes from the previous fiscal year in program goals, appropriation levels, and fiscal policy. Thus when the budget officer submits the proposed budget and message to the board, the unit must also alert the public.

There are three statutory requirements that serve to notify the public of the proposed budget and solicit citizen input. First, on the same day that the budget officer submits the proposed budget to the governing board, he or she must file a copy of it in the clerk's office. **G.S. 159-12(a)**. It must remain there, available for public inspection during normal office hours, until the governing board adopts the budget ordinance.

Second, the clerk to the board must make a copy of the proposed budget available to all news media in the county. **Id.** (If a municipality or public authority lies within more than one county, it should make it available to news media in each of the counties.)

Third, a unit must publish a statement that the budget has been submitted to the governing board and is available for public inspection in the clerk's office. **Id.** The statement must also state the time and place of the public hearing(s) that the unit will hold on the budget. To illustrate the statement:

Official Notice of Town of BlueSky's Proposed Budget for FY2015-16

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The Town of BlueSky's budget for FY2015-16 has been submitted to the town council and a copy is available for public inspection in the office of the clerk to the board, BlueSky Town Hall, 321 Tarheel Way, BlueSky, NC. The town council will hold a public hearing on the budget at 7:30pm, June 9, 2015, at the council's boardroom in town hall.

D. Smith, clerk to the town board

Questions often arise as to what it means to "publish" the statement. To answer those questions, we must look to **G.S. 1-597**. It states that whenever a notice is required by law to be published or advertised in a newspaper, "such publication, advertisement or notice . . . shall be published in a newspaper with a general circulation to actual paid subscribers . . . ." The newspaper must have maintained at least a weekly publishing schedule for a minimum of six months. If there is only one newspaper in the county, however, it does not need to meet these additional requirements. **G.S. 1-599**. And if there is no qualifying newspaper in the county, it is sufficient to publish the notice in a newspaper published in an adjoining county or in a county within the same superior or district court district. **G.S. 1-597**. A municipality or public authority located in two or more counties may place the notice in any a qualifying newspaper published within the unit. *Id.*

Many units send out press releases, tweets, and other social media messages highlighting aspects of the budget. Increasingly units are publishing the entire proposed budget and budget message on their website. Although often more effective at alerting the public in today's digital age, these additional efforts must supplement, not supplant, the statutory notice requirements.

### **Public Hearing on the Budget**

A unit's governing board must hold at least one public hearing on the budget. The public hearing may be held at any time after the proposed budget is submitted to the board, but a unit should allow a reasonable amount of time between the date the notice is published and the hearing date. The public hearing may be held at either a regular or special meeting of the board. (If it is held at a special meeting, the board also must comply with the meeting notice requirements in **G.S. 143-318.12**. No other provisions of law apply as long as each member of the board has actual notice of the special meeting and no other business is taken up at the meeting. See **G.S. 159-17**.)

At the public hearing anyone who wishes to be heard on the budget must be given an opportunity to speak. Occasionally this will require a unit to recess the hearing and continue it on another date in order to provide enough time for public input. Some units hold a series of public hearings, often splitting the budget up and dedicating a separate hearing to each department or group of departments. There may be benefits to having multiple hearings. The process allows citizens and the board to more easily hone in on specific areas of concern and flesh out possible alternatives. Note, however, that holding separate hearings on different parts of the budget does not satisfy the statutory requirement. The board must hold at least one public hearing on the entire budget.

### **Adopting Final Budget Ordinance**

The board must wait at least ten days from the date that the budget officer submits the proposed budget to adopt the budget ordinance. And, as stated above, the unit must make the proposed budget available for inspection and hold at least one public hearing on the budget before taking final action. Most boards make at least some changes to the proposed budget before adopting the budget ordinance, sometimes in response to citizen input at the public hearing. Does the unit need to alert the public to any changes to the proposed budget? Does it need to hold additional public hearings if any changes are made? The answer to both of these questions is no. The notice and public hearing requirements only apply to the budget officer's proposed budget. The board is free to alter the proposed budget before or after the public hearing. It can add or remove expenditure items; shift monies among departments; adjust revenue estimates; appropriate more or less fund balance; and raise or lower tax and fee rates. Once the board (or at least a simple majority of the board) is happy with the proposed budget, it must adopt the budget ordinance in an open meeting. No additional notices or hearings are required. In fact, a board may hold the public hearing, make changes to the proposed budget, and adopt the final budget ordinance in the same meeting.

### **Practical Tips on Engaging Public Input**

As I stated above, most units go well beyond the minimum statutory requirements to involve the public in the budget

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process. For example, some units hold multiple budget workshops, often beginning months in advance of the statutory process, which are open to the public. Interested citizens may attend and learn of the board's priorities for the coming year. Other units engage the public more directly through surveys or public forums to get input about community goals and needs. Many units have both formal and informal processes to receive and evaluate funding requests from private organizations. Units often struggle with how to provide members of the public meaningful, yet manageable, opportunities to share their comments and concerns with elected officials and staff members.

Several School of Government faculty members have developed resources to help local units successfully engage the public in the budget process. John Stephens provides practical tips and examples on creating effective citizen participation in the local government budgeting process **here**. John also provides more general guidance on engaging in public outreach efforts and facilitating public participation in local government more generally **here**. Whitney Afonso discusses using a "taxpayer receipt" as an information-sharing tool for enhancing citizen engagement **here**. Lydian Altman and Rick Morse take a look at involving the public in broader community visioning efforts (outside the specific budget context) **here**. Finally, Bill Rivenbark, Dale Roenigk, and Greg Allison discuss ways in which local officials may communicate the financial condition of the unit to elected officials and the public **here**.

## Links

- [www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter\\_159/Article\\_3.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_159/Article_3.html)
- [www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_159/GS\\_159-11.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_159/GS_159-11.html)
- [www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_159/GS\\_159-12.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_159/GS_159-12.html)
- [www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_1/GS\\_1-597.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_1/GS_1-597.html)
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- [www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_143/GS\\_143-318.12.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_143/GS_143-318.12.html)
- [www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_159/GS\\_159-17.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_159/GS_159-17.html)
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