

The People's Budget Framework: Principles and Indicators for Spending and Revenue Policies Based on Human Rights

Introduction

Vermont's elected officials have announced another year of budget cuts to essential public services and programs, citing the cost of Tropical Storm Irene as a reason. Yet the flood crisis has also exposed and exacerbated an ongoing human rights crisis in Vermont. Many Vermonters are without adequate healthcare, housing, food and jobs, on top of facing a degrading environment. Inequality in our state has increased dramatically, while our elected officials have presided over budget shortfalls caused by years of private interest lobbying, tax cuts for the rich, corporate tax breaks and administrative waste. Year after year, our state budget is influenced by powerful interests rather than guided by our government's obligations to the people of Vermont. Revenue is not raised equitably, nor spent efficiently on what people really need. Budget deficits produced by political decisions are used as an excuse to sideline Vermonters' needs and our right to live with dignity.

The People's Budget sets out to change our haphazard approach to the budgeting process. We propose a framework for budget and revenue policies that is based on the human rights that arise from people's needs. The People's Budget puts people first, recognizing that the purpose of raising and spending money is to meet Vermonters' needs. For many years, Vermont's budget has not been tied to goals or even to estimates of the cost of current services. Recently, the Challenges for Change framework sought to address this shortcoming by setting goals for outcomes and measuring progress. But because the overarching purpose was to cut spending, not to meet people's needs, Challenges for Change caused even more hardship in Vermonters' lives. In contrast, the People's Budget – effectively a People's Challenges for Change – provides a rational foundation for spending and revenue policies, along with a process for accountability and participation. It requires elected officials to develop policies based on principles and specific goals, to engage Vermonters' in developing those goals, and to measure how well Vermont is doing in increasing people's well-being and realizing our human rights.

Toward a Rational Budgeting Process

The People's Budget represents a series of paradigm shifts from the present budgeting process.

- The budget must be crafted to directly address specific fundamental human needs (rather than to address particular interests, conventions, or to match arbitrary revenue "expectations").
- Budgeting decisions must be explicitly connected to binding accountability measures, including principles, goals and indicators. Decisions must be based on principles and agreed goals, and an evaluation of the efficacy of an initiative must be part of the budgeting process.
- An indicator system (metrics) must be developed, based on principles, that accurately assesses human need and aids in the fulfillment of human rights. This must be linked to a participatory process in which budget goals are developed and debated, and spending initiatives are proposed, weighted, and evaluated.

- Revenue policy must follow from budget policy — not vice versa. In other words, the budget must be crafted with the intention of making measurable progress toward meeting Vermonters’ needs and thus upholding human rights, and revenue policy must fully fund the resulting budget.

How the People’s Budget will work

We propose that the state budget be developed and decided on the basis of principles that reflect human rights standards, grounded in the Universal Declaration of Human Rights. These principles, and the requirement for budget and revenue policies to implement these principles, should be incorporated into Vermont statute.

The principles will guide the development of policy goals, organized into domains such as the human rights to housing, health, work, education, food, and social security. Our proposal offers an initial set of goals, which should be regularly reviewed, revised and agreed in a participatory way, within the overarching framework of principles. Goals should be stated as measurable policy questions, so that indicators can be derived easily:

- Structural goal: e.g. does the policy treat healthcare as a public good? Structural indicator: proportion of public financing of healthcare
- Process goal: e.g. does the policy increase access to low-cost, healthy food? Process indicator: funding for programs subsidizing healthy food for lower-income population
- Outcome goal: e.g. does the policy improve people’s health? Outcome indicator: health status of Vermont’s population (disaggregated)

Each year, the budget bill must demonstrate that each of its spending proposals, along with revenue policies, makes progress toward meeting these goals, as measured by the indicator system, and is in line with the principles. Spending agencies would have to monitor and report on their spending with reference to the indicator system.

The participatory process for developing, agreeing and monitoring budget goals should also be included in statute. The process should be guided by an independent oversight body (citizen’s board, ombudsperson, or similar). Participation could take the form of regional community meetings, convened in specified intervals, in which goals would be developed, along with proposals for initiatives needed to reach those goals and an estimate of costs, based on a current services budget prepared by the Administration. Participants would also evaluate the adequacy of current budget provisions and assess the need for increased, reduced or shifted allocations. This would be a democratic process of deliberation, in which potentially competing or conflicting goals and initiatives would be discussed and prioritized based on principles and informed by evidence.

To be able to better assess the cost of human needs, the Administration should be required by law to prepare a current services budget; in other words, an annual estimate of the cost of providing the services and programs that the state is currently expected to deliver, taking into account anticipated changes such as inflation, fluctuation in needs (and thus human services caseloads), and new eligibility rules.

We propose that a People's Budget bill includes the following:

- A preamble describing the paradigm shift needed in the budgeting process and the state's commitment to basic human rights principles.
- The definition of the five basic human rights principles and the accompanying guiding questions for policy development.
- The requirement for budget and revenue policies to implement these principles.
- The requirement to develop binding accountability measures, including an indicator system, to facilitate the implementation of the principles.
- The requirement to design a participatory process in which budget goals are developed and spending initiatives proposed, prioritized, and evaluated.

Preamble

The budget of the state of Vermont must put human rights and the fundamental needs of our communities first. Our spending and revenue policies must meet every Vermonter's fundamental needs and rights, including healthcare, housing, food, education, good jobs, social security, and a healthy environment. These are universal public goods that our government must guarantee for all Vermonters. Vermont must seek to achieve equity among all Vermonters and eliminate poverty and disadvantage, so that everyone can lead a life of dignity. Vermont can only meet human needs if it fosters an economy that protects the environment and achieves environmental justice. Vermont's budget and revenue policies must be developed in a transparent and accountable way, with participation from the people.

Therefore, the state of Vermont must resolve to develop, decide and implement its budget and revenue policies based on an accountability framework guided by the principles of universality, equity, transparency, accountability and participation.

1. Principle: Universality

Vermont must realize economic and social rights by meeting everyone's fundamental needs, including healthcare, housing, food, education, good jobs and a healthy environment.

Guiding question: Does the policy ensure that adequate resources are raised and spent to meet people's needs and progressively realize Vermonters' economic and social rights?

Proposed Indicators:¹

Cross-cutting areas:

- Does the policy generate sufficient public revenues to meet people's needs?
- Does the policy increase the availability of, and timely access to, public goods and public services for all?
- Does the policy contribute to increasing the median household income of Vermonters?
- Does the policy increase the availability of and access to public transportation?
- Does the policy decrease per capita energy consumption?
- Does the policy support the protection of clean air, water, soil, and healthy ecosystems?

¹ Each indicator, stated here as a policy goal, will have to be turned into a quantitative or qualitative measurement. Each measurement should be disaggregated, i.e. applied to different demographic groups (e.g. gender, race/ethnicity, economic status, disability, sexuality, language).

- Does the policy contribute to decreasing the incarceration rate of non-violent offenders?

Rights-specific areas:

Housing:

- Does the policy reduce homelessness?
- Does the policy increase the number and proportion of safe, quality, low-cost housing units (rental and owner-occupied)?
- Does the policy increase the environmentally appropriate, habitable area earmarked for public or community housing?

Health:

- Does the policy improve people's health?
- Does the policy treat healthcare as a public good?
- Does the policy increase the rate of Vermonters with comprehensive health insurance?
- Does the policy increase the availability of primary care doctors?

Education:

- Does the policy increase access to pre-K education and childcare?
- Does the policy contribute to increasing high-school graduation rates?
- Does the policy increase access to and quality of higher education?

Work:

- Does the policy make progress toward achieving full employment?
- Does the policy increase the sustainable creation of good, livable wage jobs?
- Does the policy increase the number, proportion and quality of public jobs?

Food:

- Does the policy support local production, availability and affordability of healthy food?

Social security:

- Does the policy increase public support for families with dependents in need of care?

Evidence of Needs:²

- 7 in 10 Vermonters polled by the Vermont Workers' Center in the Fall of 2011 were struggling to meet their needs because of Vermont's economic and flood crises. Almost a third of those polled had always found it hard to meet their needs, even before the current crises.
- Getting jobs that pay a livable wage was the number one need expressed by a majority of Vermonters surveyed.
- Access to comprehensive healthcare, including dental care, was the second most important need voiced by respondents. More than half of the people surveyed have had difficulties accessing needed care and medications due to cost. For the same reason, nearly 6 in 10 Vermonters polled had problems getting dental care.
- Access to healthy food and the cost of housing were the third and fourth most important needs of Vermonters, according to the survey.
- 1 in 3 Vermonters polled reported a lack of resources in public schools that put quality teaching and support for students at risk.

² This data is based on: Vermont Workers' Center, *Voices of Vermont's Economic Crisis: The Challenge to Put People First*. Preliminary Report, December 10, 2011
(http://www.workerscenter.org/sites/default/files/human_rights_2011.pdf)

- Lack of affordable transportation has also been a problem for Vermonters; more than 4 in 10 people polled reported difficulties getting to their work, school or doctor.
- Almost 9 in 10 Vermonters polled expressed concern that the economic and environmental impacts of climate change would negatively affect their lives.

2. Principle: Equity

Vermont must raise and distribute resources in a way that enables the equal realization of human rights.

Guiding question: Does the policy increase equality by prioritizing the needs of those who are disadvantaged or vulnerable?

Proposed Indicators:

Cross-cutting areas:

- Does the policy make the tax code more equitable?
- Does the policy close tax loopholes and eliminate tax breaks that increase inequity?
- Does the policy ensure that public services and programs are able to meet the immediate needs of disadvantaged or vulnerable people?
- Does the policy reduce the wealth gap?
- Does the policy increase income equality?
- Does the policy increase gender equity?
- Does the policy progress toward eliminating poverty?
- Does the policy reduce the percentage of persons with income below 60% of the median income?
- Does the policy progress toward eliminating child poverty?
- Does the policy increase independence and inclusion of people with disabilities?
- Does the policy reduce the proportion of income that families below median income have to spend on housing, healthcare, food and education?

Rights-specific areas:

Housing:

- Does the policy increase equality in housing subsidies, with increased support for low-income homeowners, renters, public housing residents, and those struggling with homelessness?
- Does the policy reduce the proportion of households paying over 30% of their income in housing costs?

Health:

- Does the policy ensure affordability of healthcare for low-income people?
- Does the policy ensure that financial contributions to the healthcare system are based on the ability to pay?
- Does the policy reduce out-of-pocket healthcare costs?

Work:

- Does the policy increase the number and proportion of jobs that pay a livable wage?
- Does the policy increase the proportion of people employed in liveable wage jobs?
- Does the policy progress toward eliminating the gender wage gap?

Education:

- Does the policy contribute to closing the achievement gap between students in different demographic groups?

- Does the policy increase the college attendance rate of low-income and other disadvantaged students?
- Does the policy increase access to pre-K education for low-income Vermonters?

Food:

- Does the policy increase access to low-cost, healthy food?
- Does the policy progress toward eliminating food insecurity among adults and children?

Social security:

- Does the policy increase public support available to people in the event of unemployment, sickness, injury, old age, or disability?

Evidence of Needs:

- Jobs that pay a livable wage were listed as the priority need in Vermont, by respondents polled by the Vermont Workers' Center. More than 7 in 10 Vermonters polled have held a job that did not pay a livable wage or were unemployed at some point during the last few years.
- Nearly 7 in 10 Vermonters polled had to cut back on healthy food or relied on free groceries or food stamps.
- More than half of Vermonters surveyed had difficulties paying their rent or mortgage.
- More than half of Vermonters polled have been affected by cuts or reductions in public services and public benefits programs. Most frequently mentioned programs were public healthcare programs and the food stamp program, followed by the education sector and the fuel assistance program.
- Half of the Vermonters we polled had difficulties accessing higher education or struggled with student debt.

3. Principle: Transparency

Vermont's government must be open with regard to information and decision-making processes. Vermonters must be able to know how public institutions and processes are managed and run.

Guiding question: Is all budget and revenue information easily accessible and comprehensible?

Proposed Indicators:

- Does the budget enable easy access to information on how public funds are spent?
- Does the budget enable easy access to information on who takes decisions about the allocation and spending of public funds?
- Does the policy enable easy access to information on tax breaks received by companies?
- Does the policy enable easy access to information on private sector involvement in publicly funded projects?

4. Principle: Accountability

Vermont must have mechanisms that enable the people to hold government and private actors accountable for meeting people's needs and realizing human rights.

Guiding question: Is the policy subject to public oversight and challenge?

Proposed Indicators:

- Is the policy based on principles and backed by evidence?
- Is the policy's implementation and impact publicly monitored and evaluated?

- Is the policy publicly monitored and evaluated for its impact on reducing inequities?
- Does the policy allow for public challenge and redress?
- Does the policy hold private companies that receive public subsidies accountable for achieving outcomes that further the public good?
- Does the policy enable an assessment of subcontracting and outsourcing arrangements and their efficiency and effectiveness for achieving public policy goals?

5. Principle: Participation

Vermont's government must support the participation of the people in decisions about how their needs are met and their human rights realized.

Guiding question: Does the budget and revenue policy process include public participation?

Proposed Indicators:

- Is the budget guided by a regular and structured public process (that develops specific binding goals and oversees their implementation)?
- Is the development of policies open to active involvement of the public and community-based organizations?
- Are decisions about the allocation and use of public funds open to active involvement of the public and community-based organizations?
- Is there a public process for assessing the impact of spending levels on the quality and availability of public services?

Evidence of Need:

- The majority of Vermonters surveyed perceived a lack of participation in public policy decision-making. Over 6 in 10 respondents stated that those most affected by the economic and flood crises are not getting a say in how to solve the problems. While some felt they had a little bit of say, hardly anyone was confident that they had a full say.
- A large majority of those polled agreed that the people should have input about what gets funded and where the money comes from.