

# Public Participation in the Budget Process

Engaging communities for transparent and inclusive  
budgeting

# Public Participation in the Budget Process



# Why Public Participation Matters

## **Building Trust and Transparency**

Public participation fosters trust and transparency in local government budget processes.

## **Reflecting Community Priorities**

Engagement ensures budgets align with community needs and priorities.

## **Encouraging Civic Responsibility**

Participation empowers residents to contribute meaningfully to governance.

## **Enhancing Effective Fiscal Planning**

Early and consistent public involvement strengthens fiscal planning and reduces resistance.

# Legal & Policy Framework in Tennessee

## **Open Meetings Act**

The Tennessee Open Meetings Act ensures government meetings are accessible to the public for transparency.

## **Public Hearings Requirement**

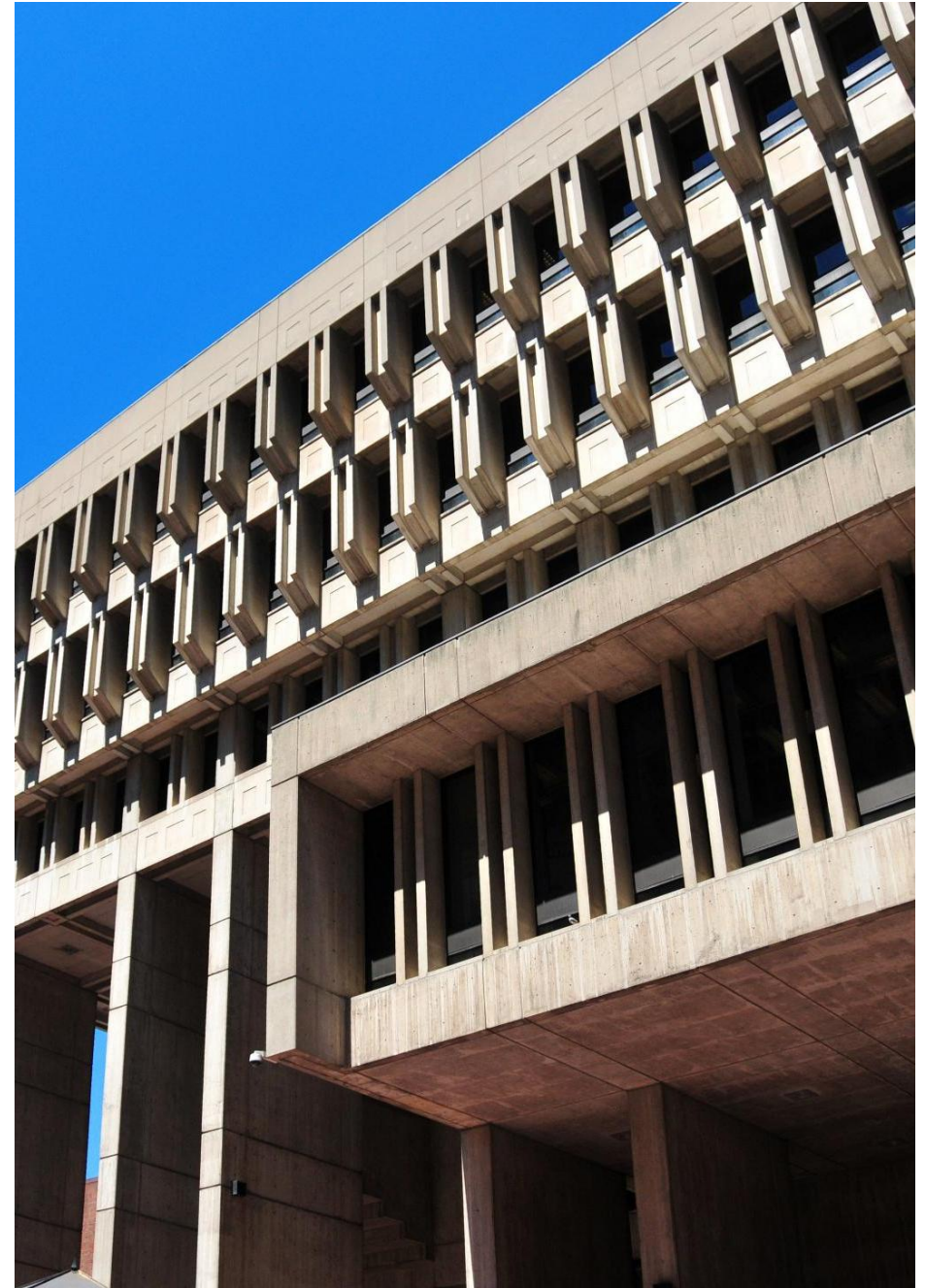
Public hearings are mandated before local budgets are adopted, allowing citizen input and feedback.

## **Local Charters and Ordinances**

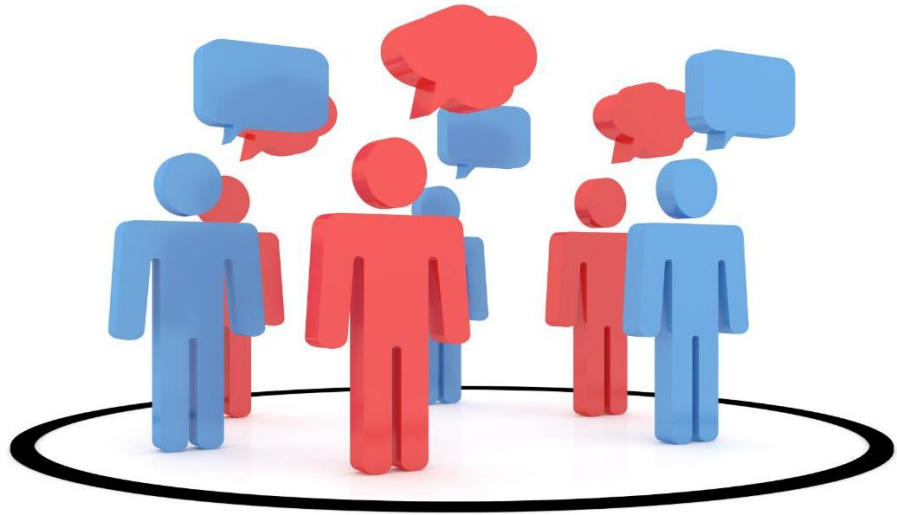
Local charters and ordinances vary and define specific procedures for public engagement across jurisdictions.

## **Role of Local Officials**

Effective public participation depends on local officials actively promoting and facilitating engagement opportunities.



# Methods of Public Engagement



## **Public Hearings**

Public hearings offer formal settings for citizen feedback but often experience low attendance.

## **Community Surveys**

Community surveys gather quick, diverse insights on residents' budget priorities across a wide audience.

## **Budget Workshops**

Budget workshops provide interactive forums for learning about fiscal constraints and encouraging dialogue.

## **Online Platforms**

Online tools like budget simulators and virtual town halls increase accessibility for tech-savvy populations.

# Best Practices for Finance Officials

## Early Public Engagement

Engage the public early in the budget cycle to ensure inclusive and thoughtful planning.

## Clear Communication

Use plain language and visual aids to make complex financial concepts accessible to all residents.

## Contextualizing Trade-offs

Explain budgetary trade-offs to help citizens understand constraints and decision rationale.

## Closing the Feedback Loop

Show how public input influenced the final budget to build trust and responsiveness.



# Final Thoughts & Q&A

## Importance of Public Participation

Public participation aligns budgeting with community values, improving financial decision outcomes and legitimacy.

## Shared Responsibility

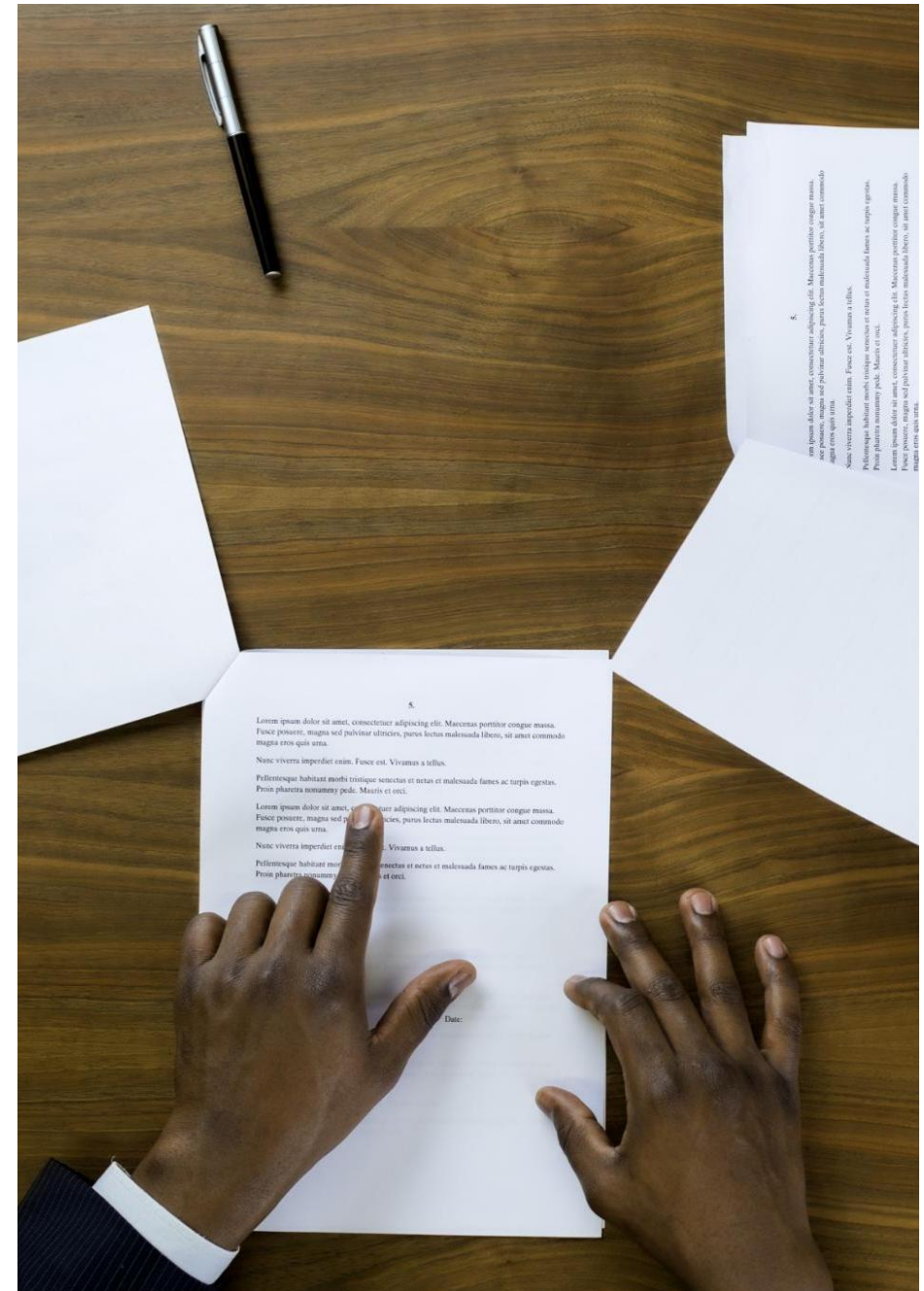
Effective budgeting requires collaboration between officials and residents through outreach and transparent communication.

## Transforming the Budget Process

Using varied engagement methods turns budgeting into meaningful conversations fostering informed and empowered citizens.

## Building Trust and Stewardship

Applying participatory principles strengthens public trust and promotes responsible fiscal management in local governments.





# Municipal Technical Advisory Service

UT INSTITUTE FOR PUBLIC SERVICE

## The Budget Process



Municipal Technical Advisory Service  
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Municipal Technical  
Advisory Service

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## HOT TOPIC



The FY25 annual Hotel/Motel tax reporting form is now available. Pursuant to T.C.A. § 67-4-1403(c), all municipalities that levy a hotel/motel (i.e. occupancy) tax, whether authorized by statute, private act, ordinance, or resolution, are required to submit an annual written report to the Tennessee Department of Tourist Development within ninety (90) days following the end of the municipality's fiscal year.



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

- The form is now an online survey rather than a spreadsheet.
  - This allows all parties a more streamlined collection/analysis.
  - This removes the need for the submitter to email a copy of the form to multiple people.
  - The form contains the same questions as last year's spreadsheet.
- The form is due “Not later than ninety (90) days after the end of a municipality's fiscal year” (T.C.A § 67-4-1403)

- Every municipality that enacts a hotel/motel tax through T.C.A. § 67-4-1401 et. seq. must complete the form.
  - Counties with metropolitan governments are excluded from this requirement.
- Questions about submitting the form can be directed to: [TDTD.Research@tn.gov](mailto:TDTD.Research@tn.gov)

# Hotel/Motel Tax Annual Reporting

<https://www.tn.gov/tourism/statewide-partners/hotel-motel-tax-annual-reporting.html>

## ***How to Submit the Report***

Use this link below to access and complete the online form:

[https://stateoftennessee.formstack.com/forms/fy25\\_annual\\_hotel\\_motel\\_tax\\_reporting](https://stateoftennessee.formstack.com/forms/fy25_annual_hotel_motel_tax_reporting)

# State-Shared Taxes and Appropriations for the Coming Fiscal Year

## Guide

The Tennessee Department of Revenue makes payments of state-shared revenues to all Tennessee municipalities based on population. MTAS tracks the monthly revenues reported by the Department of Revenue and uses those along with estimates to forecast what cities may expect to receive in the coming...



	Estimate 2023 - 2024	Estimate 2024 - 2025	Estimate 2025 - 2026
General Fund	Per Capita Amount	Per Capita Amount	Per Capita Amount
State Sales Tax	\$124.24	\$124.95	\$125.75
State Beer Tax	0.44	0.44	0.44
Special Petroleum Products Tax (City Streets and Transportation Revenue)	1.83	1.83	1.83
Gross Receipts Tax (TVA in lieu of taxes)	12.26	12.70	12.70
Sports Betting (Gaming)	1.86	2.10	2.10
Transportation Modernization	0.42	0.45	0.47
<b>Total General Fund Revenue</b>	<b>\$141.05</b>	<b>\$142.47</b>	<b>\$143.29</b>
<b>State Street Aid Funds</b>			
Gasoline and Motor Fuel Taxes	34.76	35.15	36.00

<b>Total Per Capita (General and State Street Aid Funds)</b>	<b>\$175.81</b>	<b>\$177.62</b>	<b>\$179.29</b>
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# Transforming Tennessee Revenue Distribution

## Population Estimates for State-Shared Revenue Allocation

Tim Kuhn, Director  
Tennessee State Data Center



# OVERVIEW OF CERTIFIED POPULATIONS AND NEW LEGISLATION

# Certified Population Report Background

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- Report is basis for distribution of state-shared revenues
- Report reflects population changes based on:
  - 2020 federal decennial census (baseline)
  - Any special censuses certified by ECD
  - Beginning in 2026, annual population estimates generated by the Boyd Center
- Certified counts become effective July 1 every year

# Comparison Special Census and Population Estimates

	Special Census	Population Estimates
Initiated by	Municipality or county	Automatic; annually updated by the Boyd Center and ECD
Purpose	Update population counts for distribution of funds	Automatically provide annual population estimates for funding allocations
Frequency	Up to 4 per decade for municipalities, 2 per decade for counties	Annually, between decennial federal censuses
Basis for estimate	Direct count of residents (enumeration or census data)	Statistical estimation methods based on demographic models and trends
Scope of impact	Impacts only the community conducting a special census	Impacts all counties and municipalities statewide uniformly
Cost to community	Community bears full cost of conducting, verifying, and submitting the census.	No cost to communities

# Funding Impacts of Population Estimates

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The new law (effective **January 1, 2026**) mandates that:

*"The allocation and distribution of moneys to counties and municipalities... must be made according to the revised populations certified by the department of economic and community development under § 4-3-710, except in instances where a jurisdiction's population is revised as a result of a special census or in a year in which populations are revised as a result of the regular decennial federal census."*

– Sections 5, 6, and 7 of HB780

## **Funding impacted:**

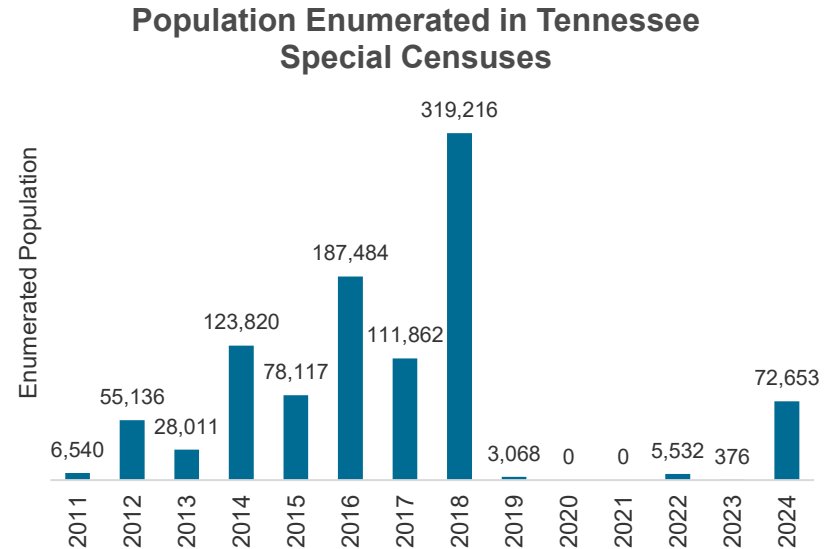
Applies to all state funds allocated by population. Including:

- Sales and Use Tax allocation to municipalities
- Liquor-by-the-drink tax proceeds
- State Privilege Tax on beer
- Municipal Street Aid Fund
- County revenue distributions based on eligibility/population
- Annexation-adjusted revenue sharing

# ORIGIN OF THE POPULATION ESTIMATE LEGISLATION

# 2025 was on record pace for special census potential enumerations

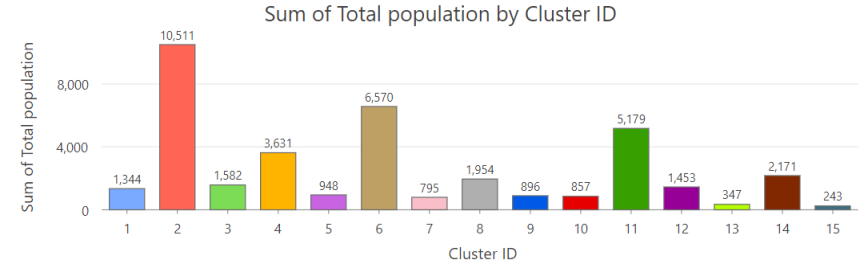
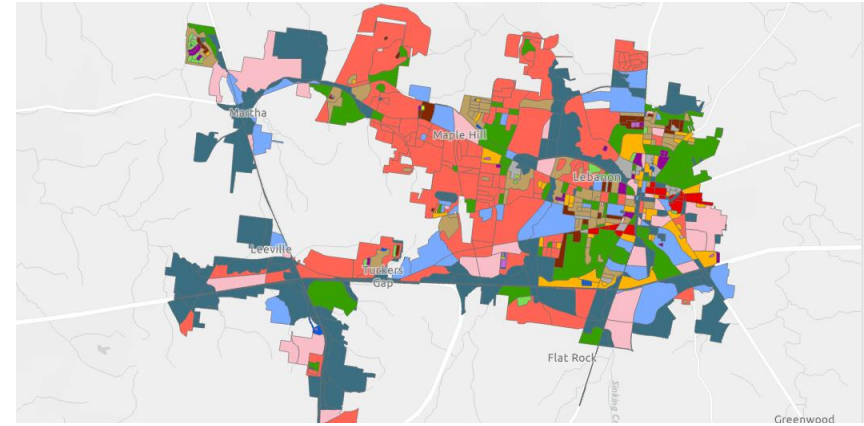
- 13 special censuses initiated
  - 11 self-enumerations
- ~528,000 potential municipal enumerations
- Potential field 2025 verifications
  - >43,200 Total
  - ~38,000 by GNRC



Source: Tennessee Department of Economic and Community Development  
Note: Includes citywide and annexations where residents were enumerated using Tenn special census procedures.

# What we were working on

- Streamlined Development District verification process for large communities
  - Reduced sample size
  - Confidence intervals on error rates
  - Improved randomness in housing unit sample through stratification



Example of spatially unconstrained clusters based on housing unit density and population that is white alone in Lebanon, TN

# Tennessee Special Census Update

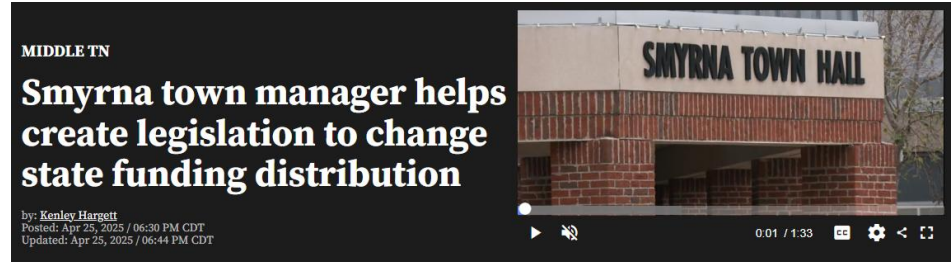
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- Four communities completed enumeration certification for July 1, 2025 Certified Population Report Update

# Population estimates legislation signed into Tennessee law

- [House Bill 780 introduced](#) by Rep. Stevens (Smyrna) and companion version by Sen. Reeves (Murfreesboro)
- Passed legislature on April 21, 2025
- Signed by Gov. Lee on May 9, 2025
- Effective Jan. 1, 2026
- Estimate-based certified population counts effective July 1, 2026



SHARE    

SMYRNA, Tenn. (WKRN) — Smyrna is one of the fastest growing localities in Middle Tennessee. With more people calling the town home, the amount of tax dollars generated grows.

For years, Smyrna has had to rely on a special census to help determine their population on non-census years. Thanks in part to Smyrna Town Manager David Santucci, a [bill](#) to use population estimates sits on Gov. Bill Lee's desk, awaiting his signature.

"This will help us instead of having to do a special census and paying sometimes tens, if not hundreds, of thousands of dollars in order to try to count every individual in your community," Santucci told News 2.



TRENDING STORIES

# NEW POPULATION ESTIMATE LEGISLATION

# What is a population estimate

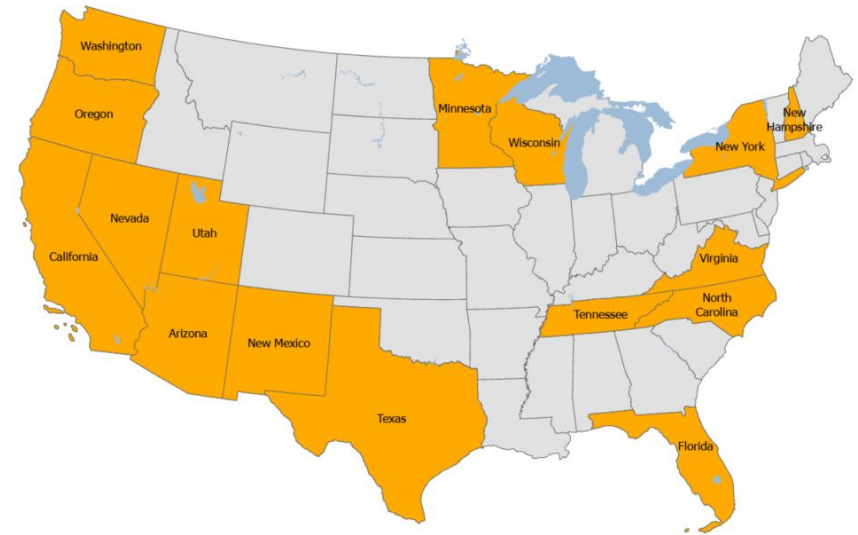
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A population estimate is a **statistical calculation** of the number of residents in a specific area at a particular point in time that is derived from data such as **administrative records, surveys, and statistical models** that account for population changes since the last full census.

# Is this population estimates model unique among states?

- Four models for distributing population-based funding
  1. No mid-decade changes
  2. Require U.S. Census Bureau Special Census
  3. Self-enumerated special census
  4. State-run estimate programs

States Using Population Estimates for Fund Distribution



# Certified Population Report Schedule

“The allocation and distribution of moneys pursuant to this subdivision (a)(3) must be made according to the revised populations certified under this subdivision (a)(3)(G), except in instances where a jurisdiction's population is revised as a result of a special census or **in a year in which populations are revised as a result of the regular decennial federal census**” – Section 2, House Bill 780

	Certified Pop. Report	Data Type	Census Date
2026	7/1/2026	Estimate	7/1/2025
2027	7/1/2027	Estimate	7/1/2026
2028	7/1/2028	Estimate	7/1/2027
2029	7/1/2029	Estimate	7/1/2028
2030	7/1/2030	Estimate	7/1/2029
<b>2031</b>	<b>7/1/2031</b>	<b>Decennial</b>	<b>4/1/2030</b>

# PLANS FOR JULY 1, 2026 CERTIFIED POPULATION

# Vintage 2025 Population Estimates produced by the U.S. Census Bureau to be used in startup year

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## Maximize Planning Time

- Operationalize program
- Vintage 2024 useful guidance
- Data is currently available
  - Reports and data on TNSDC website
  - Dashboards

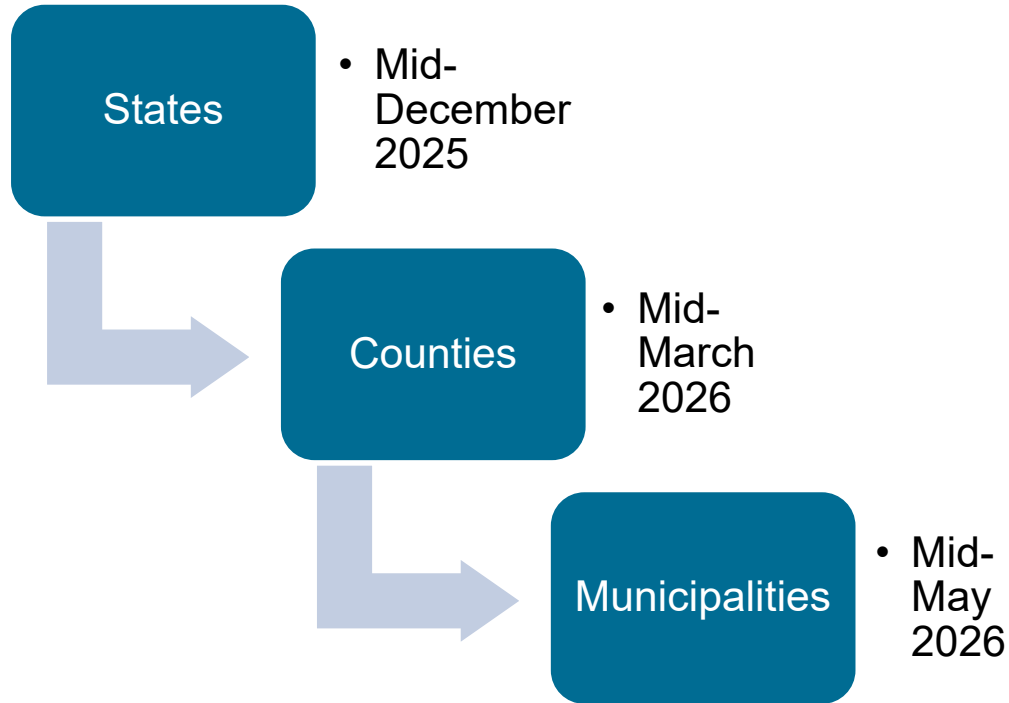
## Leverage investments

- TNSDC led census challenges
- Tennessee liaison to FSCPE
- Supplying Tennessee data to Census Bureau
  - Group Quarters
  - Building Permit corrections



# Vintage 2025 U.S. Census Bureau Population Estimates Release Schedule

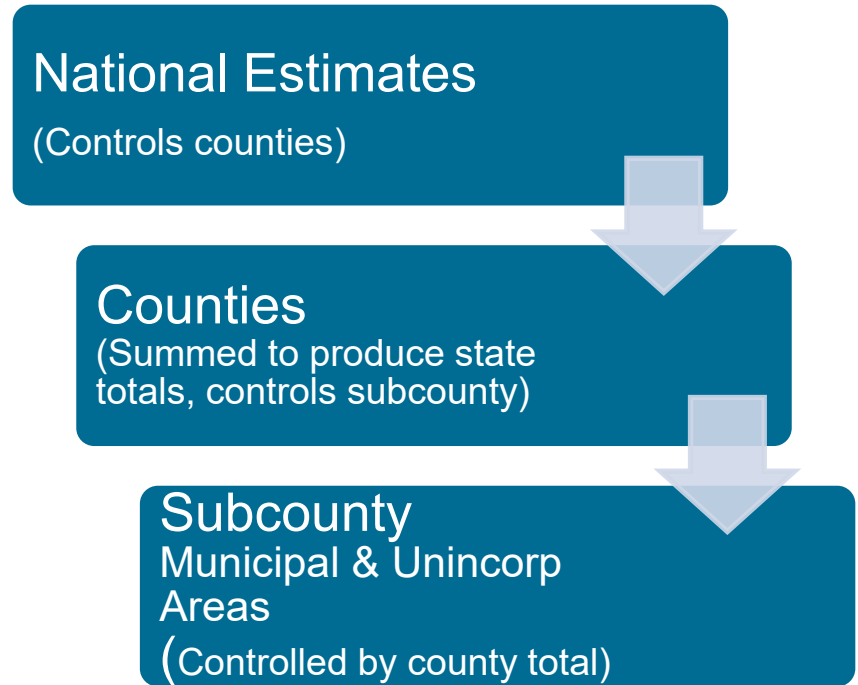
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# Census Bureau Population Estimate Concepts

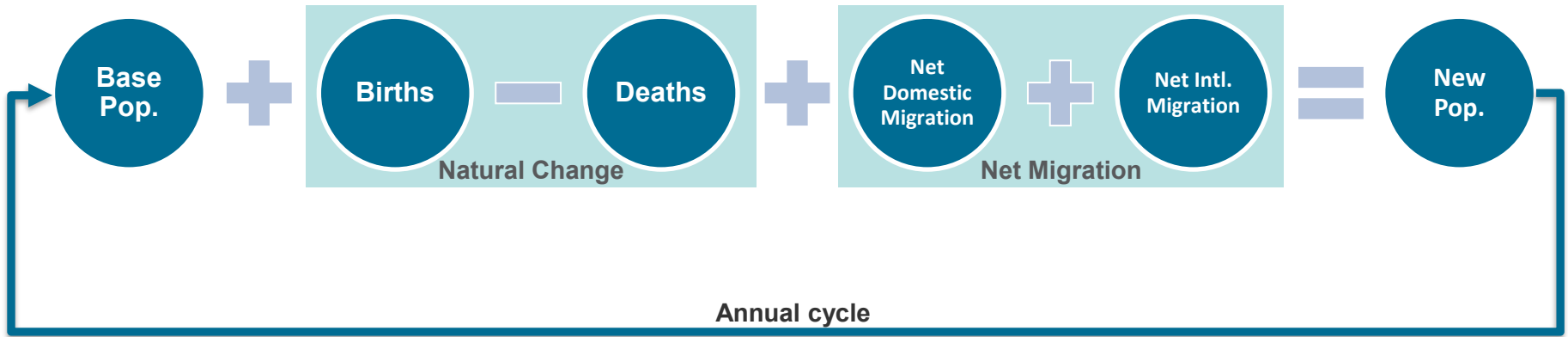
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- “Top-down” approach
- Smaller geographies sum to the whole

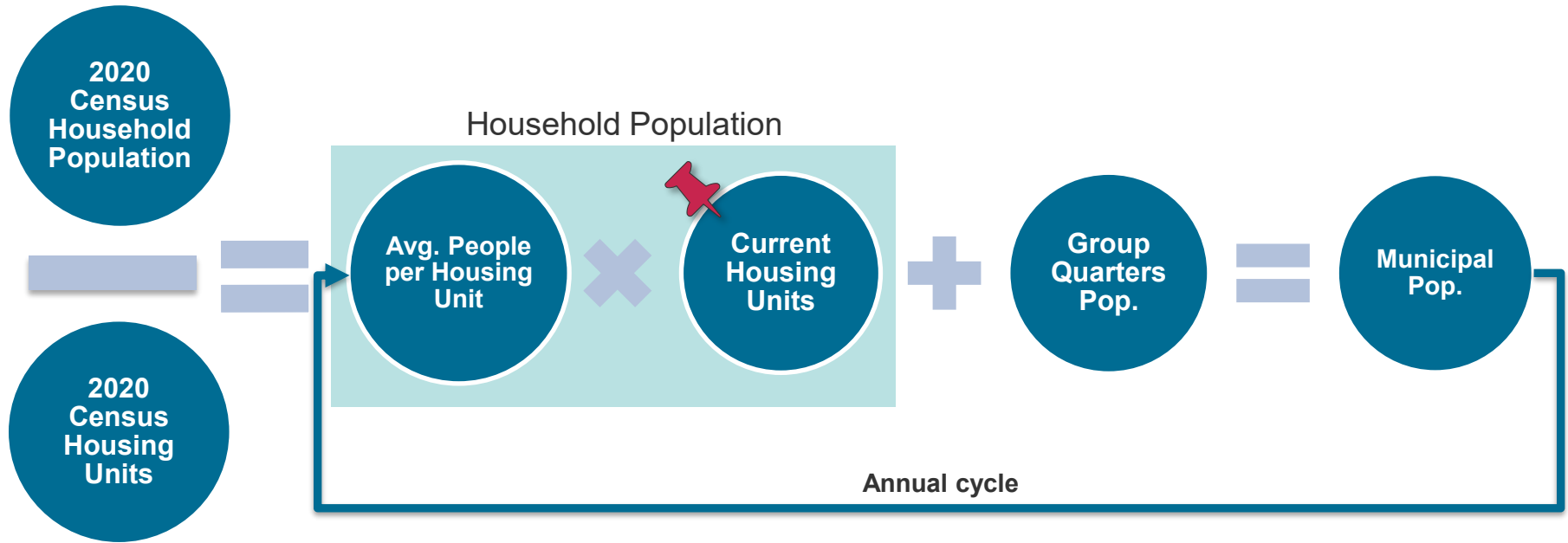


# Census Bureau **County Population Estimates:** Components of Population Change

- **Natural change** and **net migration** determine population change

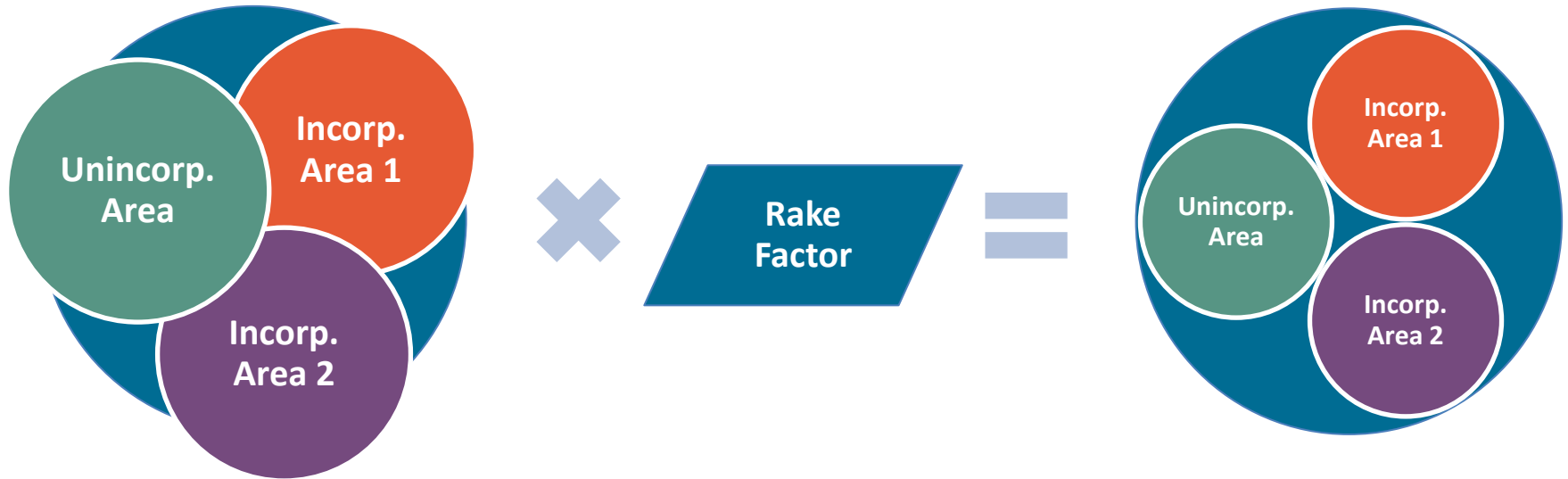


# Census Bureau **Municipal Population Estimate:** Housing Unit Method

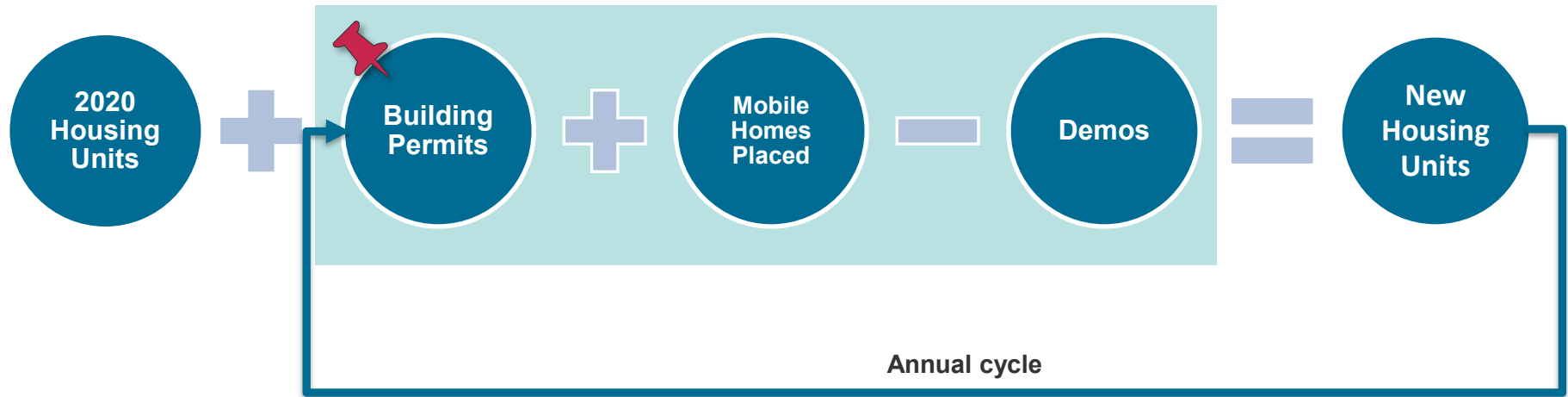


# Municipal household populations must sum to county total

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# Housing Units Components of Change for Municipal Estimates



# Required modifications to U.S. Census Bureau estimate for July 1, 2026 estimate release

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1. Review **Special Census** results for integration into the Census Bureau population estimates
  - Statute preserves “...*the right or ability of a county or municipality to take a special census at any time during the interim between the regular decennial federal census...*”
2. **Adjust aggregate population** totals to include special censuses
3. Small area estimates within **Urban Services Districts** for three metropolitan counties

Estimate Enhancements

# **FUTURE WORK**

# Where do we want to go with Tennessee's Population Estimates program?

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- Avoid complete reliance on Census Bureau estimates
- County Model
  1. Explore county models used by other states
  2. Implement county population estimate model
  3. **Employ averaging** to minimize the influence of data outliers, biases in individual models, or year to year fluctuations

# Utah: Average of three alternate method of estimating net migration in each county

$$\text{Population Change} = (\text{Births} - \text{Deaths}) + \text{Net Migration}$$



# North Carolina: Estimates are average of Census Bureau and a state model

## Model 1

- U.S. Census Bureau Population Estimates

## Model 2 (Symptomatic indicators)



**Vehicle Registrations**



**Grade 1-8 Enrollment**



**Births**



**Voter Registrations**

# Municipal estimates

- Versions of housing unit method common
- Alternate housing unit approaches
  - Different assumptions on construction time
  - Housing unit data sources



Society Nashville (915 Division St.)

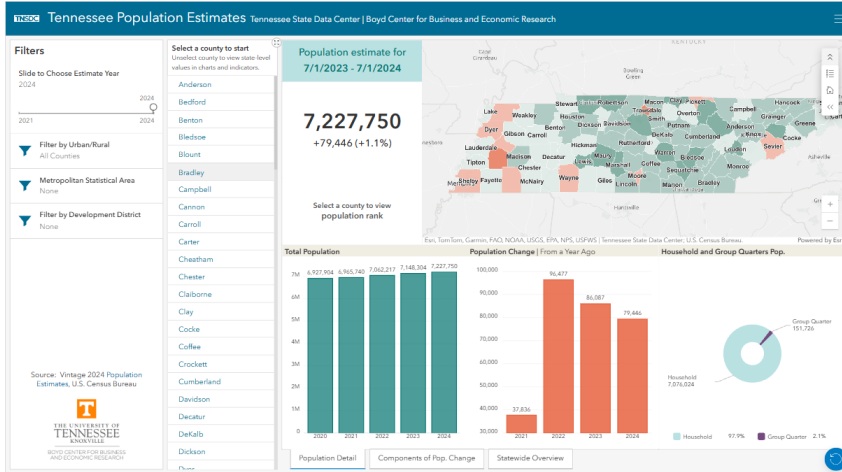
What do you need to do?

# PLANNING FOR IMPLEMENTATION

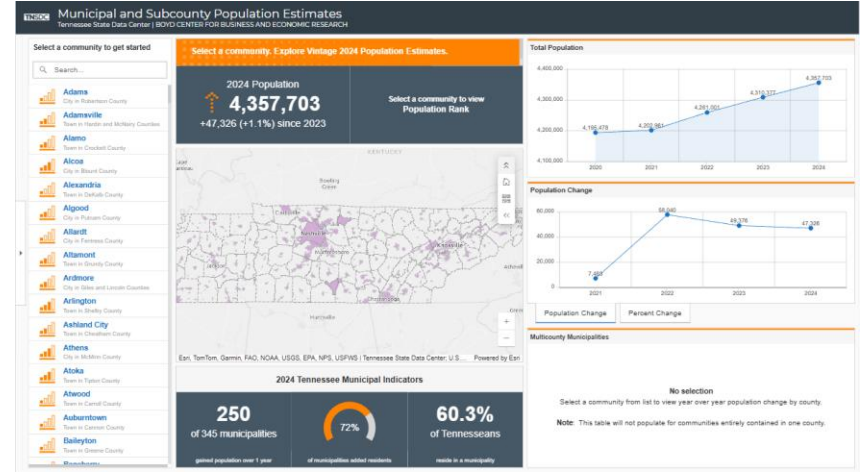
# Check County and Municipal Population Estimates on our Dashboards

## County Estimates (v. 2024)

## Municipal Estimates (v. 2024)



[tiny.utk.edu/co\\_est\\_202x\\_dash](https://tiny.utk.edu/co_est_202x_dash)



[tiny.utk.edu/sub\\_est\\_202x\\_dash](https://tiny.utk.edu/sub_est_202x_dash)

# Think about what the change means for your town: Population Proportion Change for Anytown, TN

State sales tax revenue are “distributed ...in the proportion as the population of each municipality bears to the aggregate population of all municipalities within the state...”

– TN Code § 67-6-103(a)(3)(A)

	2024	2025
<b>Anytown, TN Population</b>	1,000	1,100 (+100)
<b>Aggregate Municipal Population</b>	100,000	100,100
<b>Anytown Pop. Proportion</b>	0.010 (1,000 ÷ 100,000 = 0.010)	0.011 (1,100 ÷ 100,100 = 0.011)

# Check if your municipality is on the Priority Communities List



- [List](#) of top communities that could benefit from Housing Unit Review
  - **Imputed Units** (no response to Building Permit Survey)
  - Multi-county jurisdictions
  - Multi-jurisdictional permit offices

# Participate in Housing Unit Review if your community is on the list



- [Housing Unit Review Page](#) provides details
  - Identifying building permit survey errors affecting municipal population estimates
  - Correcting errors:
    - TNSDC can provide additional data to verify if error exists
    - Template used to submit corrected data
    - Submit additional supporting materials

<https://tiny.utk.edu/hur>

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**tkuhn@utk.edu**

Boyd Center for Business & Economic Research  
**University of Tennessee, Knoxville**



Tennessee State Data Center

# Does a special census have a role when population estimates are updated annually?

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- On net, population estimates are 5% higher than special census population
- Likely “No”
  - Annexations – covered if annexations boundaries going to Comptroller
  - Not to account for population increases – estimates should reflect
- Maybe “Yes”
  - Small community
  - Bad decennial count not corrected via challenge
  - Significant number of housing units were vacant at decennial and have since become occupied