Explaining County Government Budget Transparency In an Age of E-Government

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This research seeks to explain what best budgetary practices individual U.S. counties employ and how much of this information they are sharing with their constituents via their county websites using a random sample of 400 U.S. counties.

Overview

This research seeks to explain budgetary transparency practices of individual US counties by examining the extent of information sharing with constituents via their websites. There are 3,138 counties and county-equivalents in the United States.

This study evaluates a random sample of 400 US counties where 19% of the represented counties have populations of 100,000 or more residents, matching the same ratio of counties with populations of 100,000 or more residents nationally. We create a four-level categorical dependent variable measuring budget transparency. Using an ordered probit analysis with six independent variables we are able to explain the probability of counties having transparent budgeting practices.

Analyzing the data, we found that the following independent variables had a positive effect on budget transparency:

- The size of the county board
- The economic stress
- The Older/Vacation variable

On the other hand, the Economic Stress and the Older/Vacation variables both work against Openness. As we hypothesized, two variables had a negative effect on counties being more open. Counties with older populations and with seasonal housing are more likely to be in the "No Budget" category. (In discussing the values presented in Table 2 we multiply the values by 100 to obtain percentages.)

In other words, the 24% for the Older/Vacation Variable means that moving from the lowest to the highest score for this variable increases the probability of no budget information and also decreases the likelihood of having all three budget elements by 10%. Similarly, counties with higher populations under economic stress are 60% more likely to be in the "No Budget" and 31% less likely to be in the most open category.

While considerable research on county governments has focused on e-government and what is being done to promote interactive business activities and democracy, one should not move to fast ahead of the reality. It is true that many website counties allow people to pay their tax bills on line or to obtain permits through the website, these activities should not cause us to lose sight of the fact that there is very little budget and financial information made available on the web. It is interesting that the relationship between the states and their counties have traditionally been top down in demanding county governments to conduct certain activities, but fail to demand website budget openness. This is especially noteworthy because many states require by statute local governments to publish materials in a newspaper or to provide access to budget material at a library, but fail to require local governments to use the web. One substantial point we could conclude to is that if budget transparency is seen as a sine qua non for good government, then county governments have much to do to improve their status.

Methodology

A sample of 400 large and small counties was drawn randomly using SPSS of the entire population. There were 324 small counties drawn as well as 76 large counties (population over 100,000) to represent the total population. About 19 percent of counties in the U.S. have populations greater than 100,000. Using county website information, the data were collected across a number of variables related to the budget information availability and ease of access for constituents. It was noted if counties had a posted budget available for access, how easy the budget was to find on the website, and the availability of any comprehensive annual financial reports (CAFR). The accessibility of the budget information was not only measured by availability, but also by the number of clicks a person would have to make to actually access it. Also data were collected on any links placed on the home page that take the user directly to the budget information. Lastly, it was noted if the county maintained a separate budget office and budget officer outside another branch of the government that was strictly in charge of the budget.

After cleaning and assessing any issues with the data, three dependent variables were added together to create a scale for "openness" of government. The "budget type variable" was recoded from its original form (1= line item budget, 3=other type of budget) to be a binary 0 and 1 variable. This variable added with the "having a budget website" variable and the "CAFR" variable made up the "openness" scale.

Ordered probit was used to analyze the predicted probability of having higher scores on the openness scale reflecting transparency in the county. The major independent variables were: size of the county board, FTE, the economic stress factor, the elderly/vacation factor, the minority demographic factor, and the heterogeneity factor.

Analysis

Table 1. Budget

Table 2. Explaining County Budget Openness (an Ordered Probit Model)

References


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