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Juita-Elena Yusuf

Old Dominion University, jyusuf@odu.edu

Lenahan O'Connell

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The Effects of Discussion and Information on Public Support for Tax and Fee Increases for Transportation

Juita-Elena (Wie) Yusuf – Corresponding Author
Old Dominion University

Lenahan O’Connell
Kentucky Transportation Center

Abstract

This research note explores the effects of different combinations of two components of effective consultation with the public—the provision of relevant information and the holding of meetings to create group discussion of the issues. It compares the effect on willingness to raise taxes and fees of three public consultation approaches: (1) a telephone survey with no information or discussion; (2) a focus group with discussion but no information; and (3) a focus group with discussion and information. Our purpose is twofold: (1) illustrate the independent and combined effects of the two aspects of consultation, and (2) suggest a more comprehensive approach to consultation with the public. We do so using the examples of raising the gas tax and vehicle registration fees. The results show that the combination of information and discussion produces the greatest level of support for both revenue enhancing options.

INTRODUCTION

Many public policy analysts have recommended consultation with the public in order to generate more support for public programs and the taxes and fees that pay for them (Checkoway 1981; Burby 2003; Gundry and Heberlein 1984; Fox and Miller 1995). The public, however, is understandably reluctant to raise taxes and fees. One method to gain the public's consent is to consult with them through surveys and public meetings.

This research note explores the effects of different combinations of two components of effective consultation with the public—the provision of relevant information and the holding of meetings to create group discussion of the issue—on public acceptance of transportation financing solutions. It compares the effect on willingness to raise taxes and fees of three public participation approaches: (1) a telephone survey with no information or discussion; (2) a focus group with discussion but no information; and (3) a focus group with discussion and information. Our purpose is twofold: (1) illustrate the independent and combined effects of two aspects of consultation—relevant information and group discussion—and (2) suggest a more comprehensive approach to consultation with the public. We do so using the examples of raising the gas tax and vehicle registration fees.

First we discuss the theoretical literature on the public's role in transportation planning with an emphasis on the importance of relevant information and discussion during the consultation process. After describing the research methods and data, we present the results, which find that the combination of information and discussion produces the greatest level of support for raising gas taxes and vehicle registration fees. The implications for improved public outreach and participation in the area of transportation funding are discussed.

CONSULTING WITH THE PUBLIC ON POLICY AND TAXES

Consultation with the public—also referred to as public participation--can range from surveys of public opinion to, in its ideal format, the bringing together of a diverse group of citizens for an informed discussion on a public issue. These citizens are then asked to recommend a policy option that they find most appropriate (Crosby et al. 1986).

Some situations are more likely than others to require consultation with the public. Thomas (1995) argues that “the desirability of public involvement depends primarily on the relative need for quality versus the need for acceptability in an eventual decision” (p. 36). In situations where the need for quality is overarching – for example cases requiring consistency with professional standards, fulfillment of legislative mandates, and conditions of budgetary constraints, citizen participation may be less desirable. But consultation with the public may be essential in situations where the need for public support is dominant, such as a call for a tax increase. Clearly, decisions related to transportation finance and revenues generate controversy. The 2002 failure of Proposition B in Missouri – involving increases in the sales tax and gasoline tax –clearly illustrates this point. Public participation, therefore, may be most useful for decision-making in the area of transportation finance.

Transcending the Public Hearing

Transportation planning has traditionally involved citizen participation via public hearings. However, there has been significant criticism leveled against public hearings as mechanisms for involving the public. Checkoway (1981), for example, denounced the use of public hearing, characterizing it as being only a means “to satisfy minimum legal requirements

for citizen participation” (p. 571). Gundry & Heberlein (1984) suggest that public hearings are unable to capture a representative set of opinions from the client public. Another complaint against public hearings is that their size and composition often inhibit the public’s ability to express their views and engage in discussion (Harwood 1991, p. 15). Middendorf and Busch (1997) argue that public hearings facilitate communication that is often one way, a monologue by the public managers rather than a dialog between them and the public, which results in constrained public input. For transportation decision making especially, public hearings do not, and cannot, “cull good ideas, answer questions, sift through possible alternatives, and explain the reasoning behind projects, plans, or programs” (Hathaway & Wormser 1993, p. 36). We contend that only informed discussion can achieve these objectives. Thus, there are two critical aspects of the consultation process: (1) the provision of pertinent information on the issue in question, and (2) the opportunity to discuss the issue.

Information

One of the most obvious requirements for effective consultation or citizen participation is that citizens be provided with accurate and meaningful information (Connor 1988). The information presented should not only be exact and relevant, but also organized and presented in a meaningful manner (Hanna 2000; O’Connell and Yusuf 2011). In the absence of information and education, the contributions from public participation may be limited, as citizens may come to the decision making table with relatively little insight into the topics or issues to be addressed. “They may need background education before they can participate intelligently” (Thomas 1995, p. 141). In essence, effective consultation is the outcome of communication methods that both inform and educate the public and promote dialogue and discourse.

Regarding the kinds of information to provide when considering an increase in taxes, research suggests that the public responds most favorably to a combination of information that establishes a manifest need, demonstrates that government waste is not the source of the shortfall, and suggests that the new tax rate is in line with tax rates in similar jurisdictions (O'Connell and Yusuf 2011). A tax increase in line with rates in other jurisdictions can serve as an anchor value and reassure citizens that government waste is not the issue. In addition, much research finds that the public is more supportive when the tax increase is dedicated to the need in question (Hannay and Wachs, 2007), which suggests that information suggesting a close match between the need and the tax increase reassures the public that the revenue will effectively address the need and not be wasted.

Two-way Discussion

The most effective consultation goes beyond simply obtaining public input (King et al. 1998). It requires public administrators to involve citizens in what Fischer (1993) calls a 'dialectical exchange' and engage citizens in discussion (Fox & Miller 1995; Harwood 1991). In what King et al. (1998) define as 'authentic public participation,' public administrators must work with citizens, "assisting citizens in examining their interests, working together with them to arrive at decisions, and engaging them in open and authentic deliberation" (p. 320).

Public participation is most effective when it is achieved through two-way deliberative communication such as through dialogue (Kathlene & Martin 1991; King et al. 1998). The purpose of deliberation through dialogue and discourse, according to Reich (1990), is to create a setting or venue in which the public can learn from one another in the process of defining the problem, determining possible solutions, and assigning responsibilities and actions. Yankelovich

(1991) argues that discussion and deliberation is crucial for moving away from public opinion that is emotionally-laden, unstable, and ill-informed, toward reason- and information-based public judgment. “When citizens are included in the problem-solving and decision-making processes, they share in the ownership of the solutions to their community’s problems and are thus said to ‘buy in’ to these solutions” (Walsh 1997, p. 12). These citizens are far less likely to oppose a solution they discussed. Therefore, successful public participation can result in substantive benefits, including enhanced public decision making and a more satisfied and supportive public (Thomas 1995).

THREE APPROACHES TO PUBLIC CONSULTATION

In this research note, we explore the effectiveness of different approaches to public consultation, beyond the traditional public hearing approach. The approaches in this study include differing combinations of information and discussion, which are compared to gauge the impact of each on the level of public acceptance for two transportation revenue enhancing proposals: (1) increasing motor fuels taxes; and (2) increasing vehicle registration fees. The three combinations are:

- (1) A telephone survey with neither relevant information nor a discussion component
- (2) A focus group with discussion but no relevant information component;
- (3) A focus group with discussion and relevant information components.

The purpose of the study was to answer the question: How do these different combinations of public participation components influence the attractiveness or public acceptance of two transportation funding options?

We expect that participants in the focus group with both public discussion and relevant information will be more supportive of increases in transportation taxes and fees than those in the group that engages in discussion without the provision of relevant information. We also expect participants in the latter focus group to show greater acceptance for the policy alternatives compared to survey respondents.

In an attempt to gauge support for the two transportation funding enhancements, participants were asked to indicate their level of support or opposition. They responded to these questions:

- (1) Do you support or oppose increasing the motor fuels tax as an additional source of funding for Kentucky's highway system?
- (2) Do you support or oppose increasing vehicle registration fees as an additional source of funding for Kentucky's highway system?

Participants responded to this question using a 5-point scale ranging from 1-strongly oppose to 5-strongly support.

The telephone survey involved random digit dialing of a sample of 800 Kentucky adults aged 18 years or older, conducted in December 2004. The two focus groups comprised of members of the Leadership Kentucky Class of 2005.¹ The focus group sessions were held in June 2005.²

Participants in the first focus group – the focus group involving deliberation only – were asked to discuss issues related to transportation investment needs, financing, and capital project

¹ Leadership Kentucky is a non-profit educational organization that brings together individuals from across the state with a broad variety of leadership abilities, career accomplishments, and volunteer activities, with the goal being to gain insight into complex issues facing the state.

² The survey and focus groups were conducted in 2004 and 2005, respectively, but the data were embargoed for a certain period, as specified by agreement with the research funder.

selection. At the end of focus group discussions, participants were asked to indicate their level of support for the two financing alternatives.

Participants in the second focus group also discussed and deliberated on transportation issues. However, focus group facilitators also provided relevant information about the state of Kentucky's transportation finance. The information provided included sources of transportation funding, year-by-year changes in funding, the growth rate of transportation funding relative to inflation, a comparison of the motor fuels tax rates for Kentucky and surrounding states, and a comparison of vehicle registration fees for Kentucky and surrounding states.

Following discussion and review of the informational material, focus group participants were also asked to indicate their level of support for the two alternatives for raising additional transportation revenues. Table 1 summarizes the degree to which the different groups of respondents indicated support for the proposed increases in the fuel tax and registration fees. The responses show that the combination of relevant information and discussion produced the greatest level of support for both revenue enhancers. Discussion alone was associated with more support than that indicated by the respondents to a simple survey.

[Insert Table 1 about here]

In Table 1, the average support level is the lowest for survey respondents (who were given no information and an opportunity for dialogue) and highest for focus group participants who were provided information and involved in dialogue and discussion. Furthermore, the differences in support levels are statistically significant across the different combinations of information and discussion.³

³ Comparisons of the support levels for the three groups were initially performed using the Mann-Whitney Test (Wilcoxon Rank Sum Test). Table 1 shows the distribution of the support levels for the three groups, and presents the overall p-value for the Mann-Whitney test-statistic for the difference across the three groups.

CONCLUSION AND IMPLICATIONS

This research note compared three approaches to consulting with the public by assessing their relative effect on support for two types of revenue enhancing options. The findings have implications for generating public support for controversial policy issues, especially those related to taxes. We found that while the opportunity for deliberative dialogue increases support for revenue increases, the addition of relevant information further enhanced support. This suggests that public participation with a strong information component will reduce the level of opposition that commonly precedes consultation with the public on proposed increases in taxes.

The results offer some direction for the content of the information provided to the public when the need for revenue is the issue at hand. Namely, that it should be related to the substance of the need in question, while reassuring the public that the shortage of funds is not the product of government waste or incompetence. One way to do this is to show that the increase is not out of line with similar taxes in other jurisdictions. The results are consistent with the observation that a strong match between the need and the tax, such as dedicating the new funds to the need, increases support.

The findings also suggest that surveys of public opinion can obtain evidence of greater support for a tax increase by providing relevant information and clearly tying the tax to a specific purpose the public is thought to favor. Agrawal et al. (2013), for instance, have conducted surveys with representative samples of Americans, the results of which illustrate the importance of fitting tax proposals to specific needs. They find that a large majority of Americans, some 80%, oppose a 10 cent increase in the fuel tax. Yet, when the public is informed that the tax

increase will be used to maintain streets, roads, and highways, their support rises to 58%, and when told it will be spent on projects to reduce accidents and improve safety, it rises to 54%.

We have presented public participation as a continuum of consultation, ranging from representative surveys of public opinion to officials consulting with a citizen group in which the citizens are provided relevant information and asked to devise possible solutions. Perhaps the best approach to public participation is a combination of these types of consultation in a two stage process. In the first stage a citizen group is provided information and asked to deliberate on possible policy solutions. In the second stage of the process, the wider public is consulted through a survey that provides relevant information about the issue and then is asked if they support the solution endorsed by the citizen group that deliberated.

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Table 1. Responses of Survey and Focus Group Respondents

Recommendation for increasing transportation revenues	Strongly Support	Somewhat Support	Neutral	Somewhat Oppose	Strongly Oppose	Mean (Std. Dev.) on 5-pt Scale
Increase motor fuel tax (differences across participation levels, p-value = 0.0001)						
▪ Telephone survey	5%	13%	4%	25%	53%	1.9 (1.2)
▪ Focus group with discussion but no information	30%	19%	11%	11%	30%	3.1 (1.7)
▪ Focus group with discussion and information	70%	30%	0%	0%	0%	4.7 (0.5)
Increase vehicle registration fee (differences across participation levels, p-value = 0.0002)						
▪ Telephone survey	5%	21%	9%	24%	41%	2.3 (1.3)
▪ Focus group with deliberation but no information	24%	14%	16%	8%	28%	2.8 (1.7)
▪ Focus group with deliberation and information	56%	11%	33%	0%	0%	4.2 (1.0)