



# A Voter's Guide to Local Fiscal Issues

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From the Ballot Box to the Bottom Line  
— How Your Vote Shapes Fiscal Policy

# Introduction

Whether you are a first-time voter or have voted many times, understanding current fiscal and economic issues and the related measures that appear on your ballot can be daunting and complex.

If you've ever wondered how your vote can impact fiscal and economic policy issues at the local level then you've come to the right place!

As a voter, you have a responsibility and civic duty to understand and vote for the people and initiatives that align with your values. **This guide will help you understand how the people and initiatives you will be asked to vote on at the local level will impact the economic sustainability of your community.** By understanding exactly who and what you are voting for, you can make more informed choices that align with your personal values.

So, before we dive in, let's cover the basics.

## What is fiscal policy?

Put simply, fiscal policy is the use of a government's spending and tax policies in order to reach their economic and social goals. The two main mechanisms of fiscal policy are spending and revenue (via taxes).

## Why Does Fiscal Policy Matter?

Fiscal policy is how the government decides to capture revenue (i.e. taxes) and spend it. If you care about how much tax you pay or how the government spends that money, then you care about fiscal policy.

➔ [Find out what to expect on your ballot](#)



## What Else Do I Need to Know?

The way fiscal policy is enacted varies by level of government. For example, **state and local governments are not able to spend more than they have because they are required to keep a balanced budget.** However, the federal government can borrow money whenever it is needed, but that also means Congress can create [budget deficits](#) — which contribute to the national debt. For more on that, check out our [National Debt 101 Guide!](#)

# Introduction

## ***What do local and state governments spend money on?***

State revenue is generated through state income taxes, sales taxes, and other fees that are added to consumer goods and services. Local revenue is generated through property tax, local income or sales taxes, and additional fees charged to goods and services. This may vary from place to place but is the general model most areas practice. Because local tax dollars are generated from local residents, the economic demographics of an area greatly influences the available funds for local government (i.e., more affluent communities tend to have more dollars in their local budgets).

State and local governments have similar spending responsibilities. Both spend money on social services, such as education, public health and hospitals, roads and infrastructure, and public safety. However, how they spend their budgets varies. For example, both states and local governments allocate funding to education, but local governments are largely responsible for educator salaries, extracurricular programs and building structures whereas state dollars go to instructional needs and student services. Both levels of government spend money on public safety, but states spend more on prisons or rehabilitation programs, while local officials invest in police, fire, and other safety services. Spending on health, hospitals, highways, and roads are almost equal, in terms of the percent of budget, between state and local governments. Learn more about what state and local governments spend money on here.

## ***How have state and local expenditures changed over time?***

State and local spending increased from \$1.1 trillion in 1977 to \$3.2 trillion in 2018. Spending across all categories has increased due to many factors including population growth, advances in technology, and inflation.

Ok, now that we have some of the basics of local fiscal policy covered, let's dive deeper into the people and types of initiatives to expect on your ballot that will impact the economic sustainability of your community.



# Economic Decision Makers At Different Levels Of Government

## Federal Government

Federal fiscal policy is directed by both the executive and legislative branches. In the executive branch, the two most influential offices for setting fiscal policy belong to the President and the Secretary of the Treasury, although many presidents rely on a council of economic advisers as well. In the legislative branch, the U.S. Congress passes laws and appropriates spending for any fiscal policy measures. Once Congress initiates and approves policy, it then goes to the President for his signature, enacting the policy into law.

*Who you can expect to vote for on your ballot:*

- **President:** When a President is elected, **they appoint a Secretary of Treasury**, who, once approved by the Senate, serves as the principal advisor to the President on economic issues. The Secretary is responsible for crucial functions that help keep the government running, including paying all U.S. bills, collecting taxes, and managing federal finances.

Each year the President submits a budget request to Congress, which includes, among other things, a recommendation for overall federal fiscal policy (i.e., how much money the federal government should spend and how much it should take in as tax revenues). This process then triggers the participation, deliberation and approval from Congress. For more information on the federal budgeting process, check out our [Federal Budgeting 101 Guide!](#)

- **United States Senator and United States Representative:** Each voter has representation in the legislative branch in the form of two U.S. Senators and one individual in the House of Representatives, who are elected every six and two years, respectively. It is up to Congress to actually pass any laws regarding fiscal policy, including increasing or decreasing taxes as well as approving how to spend the federal government's budget.



➔ [Find your Member of Congress](#)

# Economic Decision Makers At Different Levels Of Government

## State Government

State fiscal policy, like federal fiscal policy, is directed by both the executive and legislative branches. However, it is important to know that the structure and organization of state and local governments varies widely across the United States. While they do have some common features, it is necessary to research the government in your state to fully understand how it is organized and who are the elected officials that represent you.

*Who you can expect to vote for on your ballot:*

- **Governor:** In every state, the executive branch is headed by a Governor who is directly elected by the people; most serve four-year terms. Governors play a key role in state fiscal policy. Like the President, they propose budgets, recommend tax changes, and sign or veto tax and spending bills.
- **State Treasurer/Controller/Comptroller:**  
Another key fiscal policy position at the state level is the state's chief accountant or financial officer, which may be called a treasurer, controller, or comptroller. While you will need to research the official title for this position in your state, this official's chief duties include overseeing the state budget to ensure that the state's tax dollars are being collected and spent well.
- **State Senator and State Representative/  
Assembly member:** All 50 states have legislatures made up of elected representatives who consider matters brought forth by the governor or introduced by its members to create legislation that becomes law. Like the federal congress, state legislators are in charge of passing any laws regarding state fiscal policy including increasing or decreasing taxes as well as approving how to spend the state's budget.

To learn about your state's legislature, find your state legislators, their official website, and their contact information, click [here](#).

Some important questions to ask about your state:

- When is my state legislature in session?
- What is the process for passing a bill and what are the milestones within that process where the public can provide feedback?
- Has the state legislature set an agenda for this year and who sets the agenda?
- Who is part of the state legislative leadership?





# Economic Decision Makers At Different Levels Of Government

## Local Government

**Counties** are usually the largest political subdivisions, and their primary function is to administer state laws within their borders. Among other duties, they collect taxes, keep the peace, maintain jails, build and repair roads and bridges and record deeds, marriages and deaths.

*Who you can expect to vote for on your ballot:*

**County Supervisor/Commissioner:** Elected officials, often called Supervisors or Commissioners, typically lead counties. This role generally oversees many administrative and financial aspects of the local government, including approving budgets, overseeing spending, and hiring county employees. However, this role generally does not have the ability to leverage taxes. Typically, if a county wants to raise taxes, the public has to agree through a



**Municipalities:** Also known as a city, town, or borough, these units of local government are created to provide public services and get their authority to rule from the state. The most common structure of local government includes a mayor, city council, and a city manager.

*Who you can expect to vote for on your ballot:*

**City Councilmember:** The city council oversees the general administration, makes policy, and sets the budget. Like county commissioners, city councilmembers generally do not have the ability to leverage taxes. They also appoint a professional city manager to carry out day-to-day administrative operations.

**Mayor:** Depending on the local government structure, the mayor is either chosen from among the city council on a rotating basis or they could be elected separately from the council and have significant administrative and budgetary authority. If you live in a municipality that elects the mayor separately, then the council's authority to make policy or set the budget is more limited.

**Townships:** These units of government only exist in about half the states, and they have different responsibilities in those that have them. A township may simply be another name for a town or city, or it may be a subdivision of a county.

*Who you can expect to vote for on your ballot:*

**Township board member:** Townships are typically governed by a board of three, five or seven members elected by voters. The board serves as the town or township's legislative body, setting policy, enacting local ordinances, adopting budgets and levying taxes. Because there is typically no separately elected a executive, like a mayor, the board also performs a number of executive functions, such as enforcing ordinances, approving expenditures, and hiring employees



# Other Ways Your Vote Impacts Fiscal Policy

Ok, now that we understand the general structure of governments and the key elected officials who run them, let's explore other ways your vote impacts fiscal policy, answer some key questions, and explore fiscal terms and concepts that could appear on your voting ballot.

## ***On my ballot I see ballot measures. What are those?***

Anything that appears on the ballot other than a candidate for office is called a ballot measure.

Ballot measures are proposed changes to state law that the people vote on. Ballot measures can have different names depending on where you live. They can be called initiatives, propositions, or referendums. They are a form of direct democracy, meaning that instead of laws being approved or vetoed by the executive branch, they require approval of the people (i.e., your vote helps approve or veto the law).

## ***Will I see an initiative on my ballot this year?***

That depends! First, we suggest you [look up your ballot](#) to know for sure. Only [24 states](#) allow citizen-initiated ballot measures; in the remaining 26 states, state legislatures must vote to place measures on the ballot for consideration. Just because a state can place a ballot measure on the ballot does not mean it will!

## ***Can ballot measures impact fiscal and economic policy?***

Yes. State and local ballot measures can have a big impact on fiscal policy. Ballot measures can raise or lower taxes, create new funding mechanisms for things like infrastructure projects or public education. As we mentioned before, most local elected officials cannot levy taxes. If they want to raise taxes, they often have to do it through a ballot measure.

For example, in 2018 Arkansas voters approved a measure to license four new casinos in the state. The gambling revenues will contribute to state, county, and city coffers, meaning that this measure expands the fiscal capacities of these governments. Also during the 2018 election, voters in Louisiana passed a fiscally-restricting measure, known as Amendment 4 on their ballot, which prohibited their state from using gas tax revenue to fund state police operations.



# Other Ways Your Vote Impacts Fiscal Policy

## *Can these ballot measures contribute to government debt?*

They can, particularly if the measure is funded by a government bond.

## *Ok... so what is a bond measure?*

Bonds are a special type of ballot measure and are typically used to finance public projects related to education and infrastructure. There are generally two types of bonds: **revenue bonds** and **general obligation bonds**. Revenue bonds have a built-in way for paying for the project (i.e. tolls to cross a newly built bridge are used to pay-back the initial bond to build the bridge). General obligation bonds are one way for state and local governments to get money for a project without a specifically identified revenue stream to pay for the project. This means that general obligation bonds are considered public debt.

## *If bond measures can contribute to public debt, doesn't that mean they are a bad thing?*

Not necessarily! Bond measures typically finance large public projects, such as roads and building construction, school funding or environmental conservation.

This is why it's important to understand what you are voting on and the implications it can have. Bond measures are important levers for local and state governments to finance large public projects. **It is up to you, as a voter, to carefully review any ballot measure you are faced with at the polls to understand how it affects your community's economic sustainability.**





# The Bottom Line

It may sound cliché, but the bottom line is your vote counts and has a huge impact on the leaders and policies that will directly impact your day-to-day life.

An informed voter is an empowered voter. **It's up to all of us to take control of our fiscal future by heading to the polls and voting for the changes, policies, and people that align with our own values.** Make a plan: set reminders for yourself at least a month ahead of elections to find your local ballot, research the people and policies that are up for a vote, and encourage your friends and family to do the same!

## Sources and Links for Further Learning

- [Lumen Learning: Introduction to Fiscal Policy](#)
- [The Balance Fiscal Policy Types, Objectives, and Tools](#)
- [National League of Cities Local U.S. Governments](#)
- [Brookings: How the 2018 elections reshaped state and local governments' fiscal policy space - Brookings](#)
- [League of Women Voters: Vote411 Election Information](#)
- [National Association of Towns and Townships: Town and Township Government in the United States](#)

