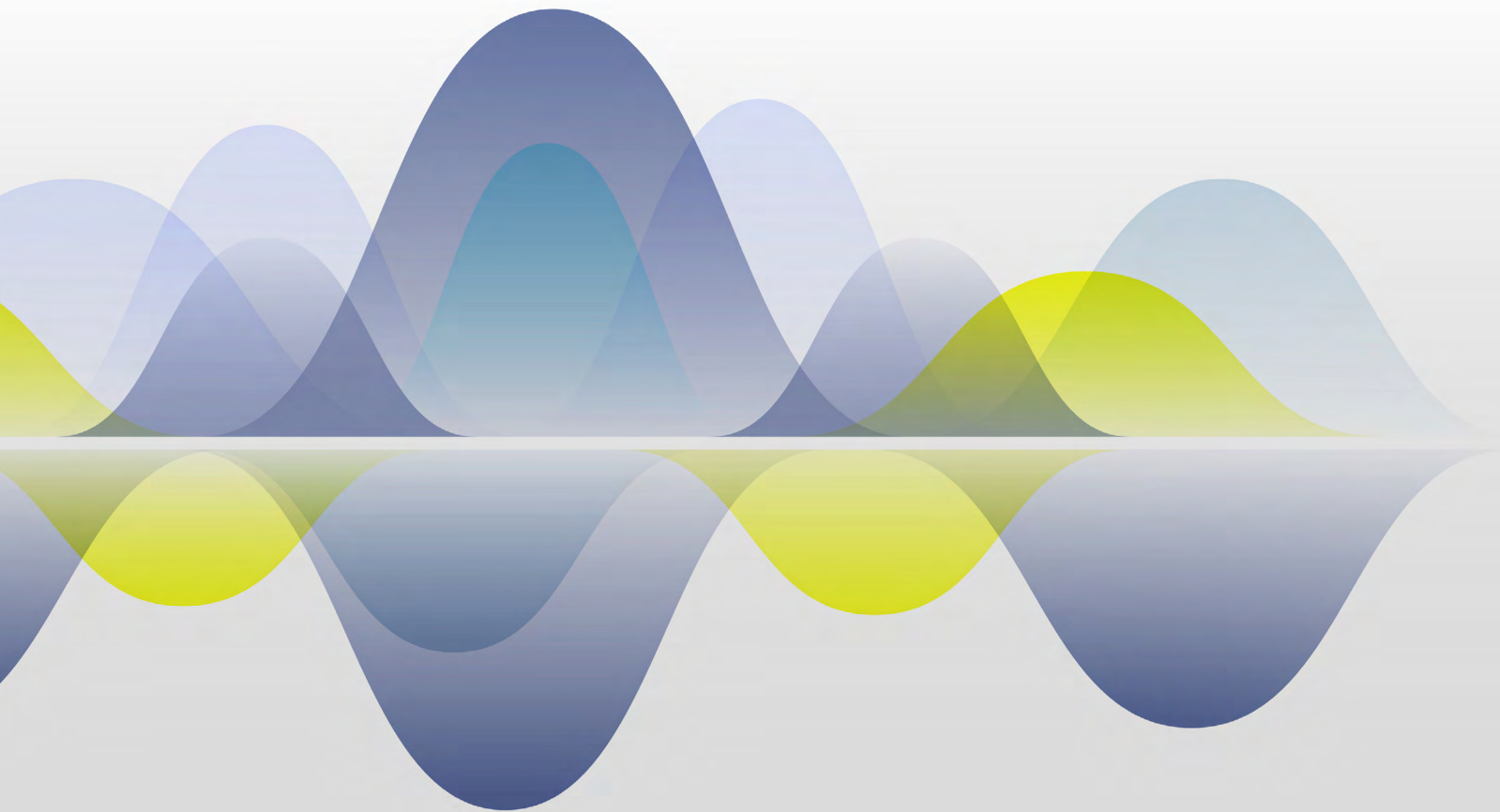




BUDGETING IS BETTER WITH RHYTHM

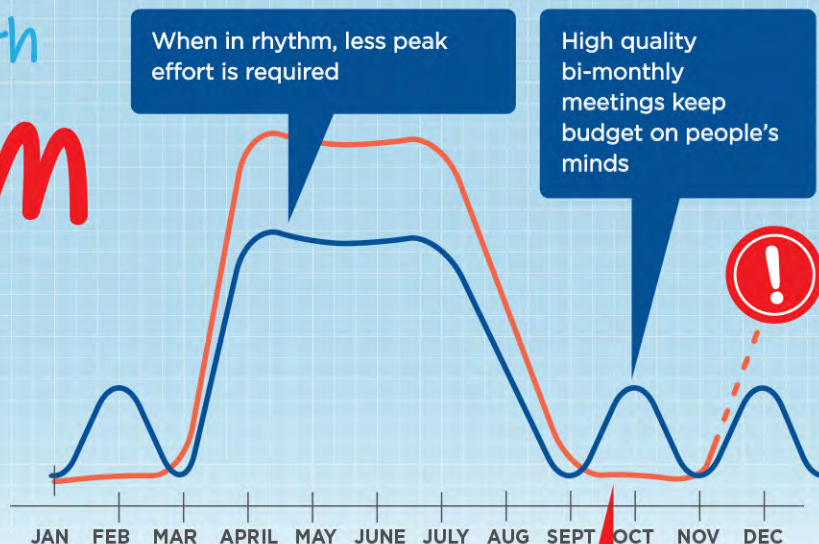
How the City of Brighton Created a Rhythm for the Internal Budget Process and How You Can Too



BUDGETING is BETTER with Rhythm

Life needs rhythm. The human body has a heart rhythm and being in rhythm is key to a long and healthy life. Organizations are collections of people which also benefit from being in rhythm. Local government budget offices need to establish a rhythm for the budget process.

COMPARING RHYTHM WITH NO RHYTHM PROCESS



A LACK OF RHYTHM CAN LEAD TO TWO BIG PROBLEMS

First, is lower quality participation. Participants must get back up to speed after not engaging with the budget for a while. Second, a lack of rhythm leads to an unbalanced workflow for the budget office. Rhythm means there is more forewarning of needed adjustments, more visibility into what needs to get done and when, and less work pile-ups. Out-of-rhythm means more potential for surprises, which create spikes in workload. Spikes in work create bottlenecks and backlogs.

No regular activity outside of main budget prep period creates potential for unpredictable, reactive fixes

ESTABLISH RHYTHM BY CHANGING FROM COMPETITION TO COOPERATION

Budget process can be characterized as a competition for resources, where every department sees their goal as: (a) defending their existing budget allocation and (b) competing with other departments for whatever new resources become available. The winners get the resources, and the losers don't. The key to establishing rhythm is to make the budget process cooperative and, thus, something that departments are not only willing to stay engaged in the entire year, but also are keen to do.



1. BUDGET MEETINGS THAT FEEL "WORTH IT"

A budget process focused solely on cost-control will feel less helpful to departments. This is because departments are primarily focused on service performance. Bi-monthly meetings can help put the focus on the value that departments create (spending + service performance). This is more satisfying to departments and will provide new and different insights to the budget office.

2. FAIR AND INCLUSIVE DECISION-MAKING

Start with providing a set of criteria for making budgeting decisions. Alignment with a city's strategic plan or return on investment (ROI) are good criteria.

3. LOCAL AUTONOMY Rhythm cannot be created from the outside, it must come from within. This requires autonomy. Bi-monthly meetings help create autonomy by giving departments a forum to discuss pain points and get help to solve their own problems.

4. MONITORING AGREED-UPON BEHAVIOR

There must be transparency in what others are doing. A budget will be more cooperative if everyone is on the same page.



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ABOUT GFOA

The Government Finance Officers Association (GFOA) represents over 21,000 public finance officers throughout the United States and Canada. GFOA's mission is to advance excellence in government finance. GFOA views its role as a resource, educator, facilitator, and advocate for both its members and the governments they serve and provides best practice guidance, leadership, professional development, resources and tools, networking opportunities, award programs, and advisory services.

ABOUT THE RETHINKING BUDGETING PROJECT

Local governments have long relied on incremental, line item budgeting where last year's budget becomes next year's budget with changes around the margin. Though this form of budgeting has its advantages and can be useful under circumstances of stability, it also has important disadvantages. The primary disadvantage is that it causes local governments to be slow to adapt to changing conditions. The premise of the "Rethinking Budgeting" initiative is that the public finance profession has an opportunity to update local government budgeting practices to take advantage of new ways of thinking, new technologies, and to better meet the changing needs of communities. The Rethinking Budgeting initiative will raise new and interesting ideas like those featured in this paper and will produce guidance for state and local policy makers on how to local government budget systems can be adapted to today's needs. We hope the ideas presented in this paper will spur conversation about the possibilities for rethinking budgeting. The Rethinking Budgeting initiative is a collaborative effort between the Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA).

To learn more, visit gfoa.org/rethinking-budgeting.

USE OF GENERATIVE ARTIFICIAL INTELLIGENCE IN THIS REPORT

Generative Artificial Intelligence (AI) tools, primarily ChatGPT4, were used to help develop the report. Primary uses of the AI tools include:

- Development of ideas for the outline of the report
- Generation of text for a few specific purposes. Text generated directly from generative AI is clearly labeled as such in the report where the contribution from AI is material. Examples of immaterial contributions would be suggestions from AI on wording choices, grammar, etc.
- Review of final report and to give suggestions to make language more accessible for the intended audience.

GFOA acknowledges the limitations of AI-generated information, including potential biases and other limitations of generative artificial intelligence. All data, ideas, etc. from ChatGPT4 that were used in the report were independently verified/validated by the author(s) and not taken at face value.

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Life needs rhythm. The human body has a heart rhythm, circadian sleep-wake rhythm, breathing rhythm, and more. Being in rhythm is key to a long and healthy life. Organizations are collections of people and, as such, also benefit from being in rhythm. Agricultural companies need to be in rhythm with the seasons. Sports teams need a rhythm of training, competing, and rest. Local government budget offices also need to establish a rhythm for the internal budget process. A lack of rhythm can lead to two big problems. First, is lower quality participation. Participants must “get back up to speed” after losing rhythm from not engaging with the budget for an extended period. Second, a lack of rhythm can create a less balanced workflow for the budget office. In this context, rhythm means there is more forewarning of needed adjustments, more visibility into what needs to get done and when, and less invisible work pileups. Out of rhythm means more potential for surprises, which create spikes in workload. These spikes in workload create bottlenecks and backlogs.

This fine-tuning throughout the year makes the budget preparation process easier than it otherwise would be.

We will use the City of Brighton, Colorado, to illustrate how a budgeting rhythm can be established. First, let’s establish what we *don’t* mean by rhythm: a budget preparation process that lasts all year or is unusually demanding of participants’ time. As we will see, Brighton has created a budget preparation process that requires the city departments’ involvement over about four months, which is not unusually long. Outside of the budget process, Brighton has regular (usually bimonthly) meetings with each department. The meetings are focused on learning about each department’s work, which helps make both the budget office and the departments aware of issues that may need to be addressed in the next budget or require adjustments to the existing budget. This fine-tuning throughout the year makes the budget preparation process easier than it otherwise would be.

EXHIBIT 1 | In Rhythm Versus No Rhythm Budget Process

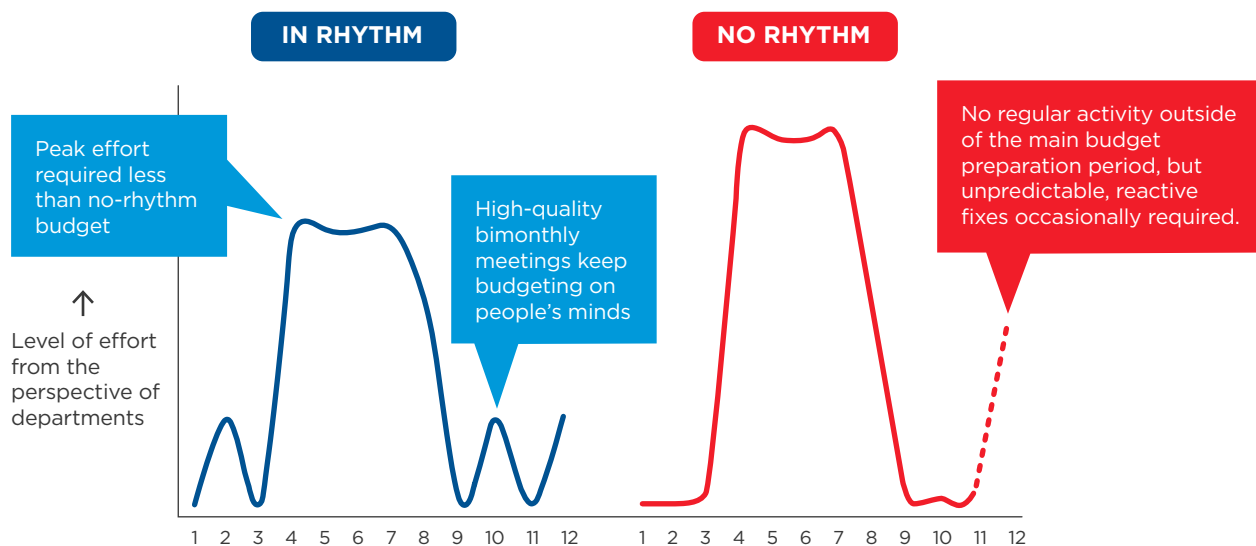



Exhibit 1 illustrates the difference between a budget process with a rhythm and one without. We see the “In Rhythm” example has a clear pattern. Not only does the “No Rhythm” example lack a clear pattern, but the situation is worse than it appears because the activity outside of

Not only does the “No Rhythm” example lack a clear pattern, but the situation is worse than it appears because the activity outside of the budget preparation process is sporadic.

the budget preparation process is sporadic. At best, this might mean “as needed.” At worst, it might mean “crisis driven,” as lack of regular communication causes issues to languish until the boiling point is reached.

Before we see how Brighton establishes a rhythm, let’s get a brief overview of their budget preparation process. Brighton has a biennial budget, which is a budget that allocates funds over a two-year period. Every year has a “budget preparation” period because, in the second year of the biennium, the City does a review to adjust the budget where needed to accommodate legal requirements, contract changes, and City Council requests. The day-to-day work of budget preparation is led by the budget office, which is a division of the City Manager’s office.



Compare the In Rhythm Budget to a Heart Rhythm

Here is a picture of a normal heart rhythm. Which of the two budgets from Exhibit 1 is this closer to?

For the first year of the biennium, the big steps in budget preparation are:

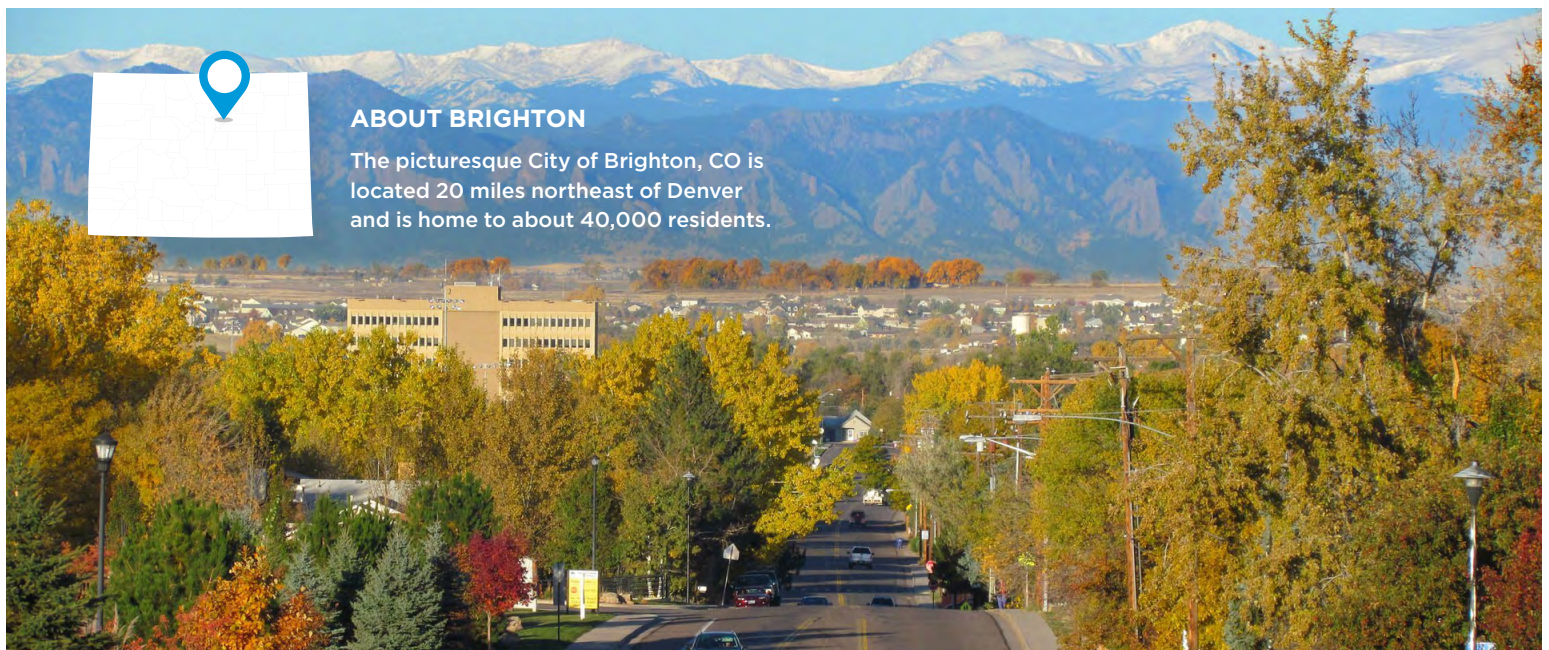
1. **April:** The budget office does a “first-cut” projection (also known as the “base budget” in Brighton). Using standardized assumptions for nondiscretionary variables like inflation, vacancy savings, and utility costs, the budget office produces a base budget of spending projections for each department. This base budget also includes department needs discussed during the bimonthly meetings, prior to budget preparation. For example, if there are changes needed to an established program that are already known and approved by the City Manager and the City Council, the budget office will show how those changes fit into the base budget.
2. **May – June:** Departments make requests for adjustments to the base budget.
3. **July:** The budget office discusses requests with the departments, and the base budget is modified accordingly.
4. **August:** The budget office presents the recommended budget to the City Manager and then the executive team. The City departments’ involvement in the budget preparation process is complete in August.
5. **September:** The budget is shared with the City Council for adoption in October.

The City budgets are by line items, departments, and funds. In this way, their budget is like many other local governments. The legal appropriations are made at the fund level.

The process in the second year of the biennium is like the first, but with a late May start since the second year is limited to review and adjustment of the budget.

In Exhibit 1, we saw that Brighton also has bimonthly meetings to maintain a rhythm throughout the year. It’s similar to the composition of a salsa song. The bimonthly meetings are like a tumbao, which keeps a consistent rhythm.

Thus, the fundamental steps of Brighton’s budget process are straightforward and uncomplicated. This is welcome news for local governments looking to establish their own rhythm. Let’s see how Brighton executes these steps in a way that promotes rhythm.





Establish Rhythm by Changing the Dynamic of Budgeting From Competition to Cooperation

Like many local governments, Brighton's budget process used to be characterized by a zero-sum competition for resources, where every department sees their goal as: (a) defending their existing budget allocation and (b) competing with other departments for whatever new resources become available. The winners get the resources, and the losers don't. Unsurprisingly, most people do not find zero-sum budget games enjoyable. The losers don't and even the winners often sense that zero-sum competition is not the ideal way to run a local government. It is hard to establish rhythm if the participants find the process off-putting. Further, in a zero-sum game, participants are hesitant to share information with others due to the fear that information might be used against them. The key to establishing rhythm is to make the budget process cooperative and, thus, something that departments are not only willing to stay engaged in the entire year but also are keen to do.

GFOA's Rethinking Budgeting identifies eight practices for turning zero-sum competition into cooperation.¹ These are called the [Financial Foundations of Budgeting](#). [GFOA's Rethinking Budgeting initiative](#) has reports and articles that describe these practices in detail. For now, we will point out that changing the dynamic of zero-sum competition does not require using all eight practices. Brighton's experience only emphasized some of them, which we've highlighted in blue. We can consider these practices as the montuno of a salsa song, which work with the rhythm of the tumbao but adds slightly different accents to it.

EXHIBIT 2 | Financial Foundations of Budgeting

1. Strong Sense of Identity and Purpose for the Local Government. Know what the group is, who is a member, and that the group is important. Members of the group must see it as a group.

5. Graduated Sanctions and Rewards. Provide motivations for being a constructive participant in the budget. Incentives and correctives can start small and grow as needed.

2. Fair and Inclusive Decision-Making. It is not sustainable for some members to call the shots and others to have no say.

6. Benefits Proportional to Cost. It is not sustainable for some to get benefits and for others to do the work.

3. Monitoring Agreed-Upon Behavior. There must be transparency in what others are doing. Members of the group must know what is happening.

7. Fast and Fair Conflict Resolution. Conflicts need to be resolved quickly and fairly.

4. Local Autonomy. People must have latitude to manage their affairs.

8. Appropriate Relations With Other Groups. No participant in the budget exists in a vacuum. The actions of other people or organizations can impact decisions.

Let's start our exploration with Practice No. 6: **Benefits Proportional to Cost**. This means that a person must feel their participation is "worth it" on some level. If the budget process is focused solely on cost control, it will feel less valuable to departments, which are primarily focused on service performance. Brighton tries to focus discussions on value, where cost control and service performance intersect. The bimonthly meetings help put the focus on value. Though the meetings do include reviews of projected spending compared to the budget, they also discuss pain points, resource constraints, and how the budget office can help. For instance, the budget office will suggest that a department *increase* a budget request if it finds that a higher dollar amount would result in better value. To illustrate, governments often underspend on training needed to use new software properly. Underinvestment in training often means the much larger investment in acquiring the software does not produce as large of a return as it could. If Brighton's budget office finds that training for new software is under resourced, it will support the department in acquiring more training.

Brighton also reduces the cost for departments to participate in the budget process, which increases the odds that departments will find their participation worthwhile. The bimonthly meetings provide the budget office with insight into what departments need. This means department budget requests are rarely a surprise to the budget office. The budget office can then have informed discussions with departments about their needs versus what is possible within the budget. The insights the budget office gains from these periodic meetings cuts down on the back-and-forth between the budget office and departments during the budget development process. This is *smoother* than a process with less communication. An antonym for "smooth" is *friction*. We

can think of friction as the department's cost of working with the budget office. Lower friction means lower cost, which means higher benefits proportional to costs. To illustrate, one City department often has many budget requests (more than 100 for the 2025-26 budget period). In the past, the budget review meeting for this department would take about eight hours.

The key to establishing rhythm is to make the budget process cooperative and, thus, something that departments are not only willing to stay engaged in the entire year but also are keen to do.

Because of the regular budget meetings, the budget review time was cut in half. Doubtlessly, that department now sees its participation as costing less than before.

Finally, at the start of the budget process, the budget office calculates a base budget for each department. Department heads often appreciate not having to make

standard calculations for nondiscretionary items like inflation, vacancy savings, utility costs, and so forth. The budget office also includes new spending that has been widely discussed and is expected from the department. This relieves the department of the need to go through the budget request process to modify the base. Thus, more friction is removed for departments.

Let's move on to Practice No. 2: **Fair and Inclusive Decision-Making**. If people feel a process is unfair, they are more likely to withdraw from it. A sense of fairness starts with providing criteria for making budgeting decisions. The criteria are shared as part of the budget kickoff. One criterion is alignment with the City's strategic plan. The plan includes eight distinct priorities for city government. Another criterion is return on investment (ROI). If a budget proposal saves the City money, it will be looked upon more favorably. The budget office provides departments with an [ROI calculation form](#) that removes any mystery behind what constitutes a positive ROI.

A sense of fairness also requires giving people an opportunity for input. This occurs when the budget office meets with each department to review requests. A simple but important feature of these meetings is that the budget office provides written questions to departments in advance. This (a) shows the budget office is seriously evaluating the requests; (b) sets the stage for a richer conversation, helping departments feel that their input matters; and (c) helps departments avoid feeling surprised during the conversation. Departments often don't like surprises because they feel unprepared to answer questions and, in the worst case, may interpret the surprise as a "gotcha" question. For example, earlier we described a department whose budget meeting went from eight hours to four. These four hours were more centered on the most important questions for that year, allowing the department to focus its preparation on those questions.

Finally, an often-overlooked facet of fairness is to provide an opportunity to correct mistakes. No process is perfect, but if people see that the process allows for mistakes to be recognized and corrected, then fairness will be enhanced. Brighton does this in two important ways. First, the final recommended budget is shared with the entire executive team in August before moving forward to the City Council. At this meeting, the team is asked, "Is there anything about this budget you cannot live with?" Concerns are then discussed and resolved.

Second, and perhaps more important, the City Council, City Manager, and staff all recognize that the budget is a plan, and plans often need to change when they meet reality. Bimonthly meetings are used to adjust the budget as needed. The budget office makes its best effort to accommodate small increases in spending by finding savings in other areas of the budget. For example, higher-than-anticipated vacancy savings in one area of the budget might offset the need for an additional piece of equipment elsewhere.

Since the budget is legally adopted at the fund level, the budget office has administrative flexibility to make budget adjustments within funds. About three-quarters of budget adjustments are handled at the staff level. Amendments that require council approval happen, at most, once per quarter. The City Council understands the budget is a plan that must evolve

A budget will be more cooperative if everyone is on the same page. Brighton's budget process includes opportunities for departments to see what other departments are doing.

as circumstances change. Finally, because everyone understands that the budget may need to change during the year, there is much less unnecessary padding in the budget. This makes it easier to arrive at a balanced budget during budget preparation.

Next is Practice No. 4: **Local Autonomy.**

This is the latitude to manage one's affairs.


Local autonomy is relevant to creating a rhythm. Rhythm cannot be imposed from the outside; it must come from within. Brighton's bimonthly meetings help create autonomy by giving departments a forum to discuss pain points and get help to solve their own problems. For example, the budget office provides process improvement training and facilitations. The trainings help departments generate ideas for improving workflows, and facilitations allow departments to have hard conversations about pain points, with a third party guiding the conversation to be sure it stays on topic and focuses on solutions.

The bimonthly meetings position the budget office as a partner in delivering good public services and less as an overseer of department activities. The former relationship is clearly more conducive to supporting a sense of autonomy among departments.

Finally, we'll address Practice No. 3: **Monitoring Agreed-Upon Behavior.** A budget will be more cooperative if everyone is on the same page. Brighton's budget process includes opportunities for departments to see what other departments are doing. For instance, the bimonthly capital project coordination meetings bring together project managers from across City government to discuss upcoming and current projects. This raises potential conflicts or synergies between projects. For example, upcoming water and sewer pipe replacements can be coordinated with road repairs so that pipe replacements come first, thereby avoiding ripping up a newly repaired road.

Another example is when staff responsible for right-of-way maintenance (typically in a Public Works Department) and parks maintenance (typically in a Parks & Recreation Department) communicate their needs to avoid duplicating equipment acquisitions.

Through these practices, the City of Brighton keeps departments engaged in the budget process. This includes both the budget preparation period and the bimonthly update meetings held throughout the year. Together, these practices create a rhythm for budgeting that spans the City's entire biennial budget period.



The key to establishing rhythm is to make the budget process cooperative and, thus, something that departments are not only willing to stay engaged in the entire year but also are keen to do.

Conclusion

The budget is the most important planning document a government produces. This is because it decides what the government does by putting money behind intent. For the budgeting and planning process to be at its best, it must have a rhythm. We have seen how Brighton has established a rhythm by creating a cooperative budget process. Cooperation establishes a reciprocal dynamic where people feel the time and effort invested in the budget process is a fair exchange for what they get out of it.

This sense of cooperation extends beyond the City's budget preparation period through bimonthly meetings that sustain this reciprocal dynamic to the entire year. Other local governments can chart their own paths to establishing a similar dynamic, perhaps relying on a different combination of the [*Eight Essential Practices of the Financial Foundations for Budgeting*](#) or enacting them in ways that differ from Brighton's approach.

¹ Financial Foundations for Thriving Communities originally identified 14 institutional design principles and leadership strategies from Elinor Ostrom's work, which were summarized into five broad categories or "pillars." The table narrows the 14 principles/strategies down to the eight most critical. These eight, along with the short subtitles underneath each section header, were taken from David Sloan Wilson, author of *Prosocial: Using Evolutionary Science to Build Productive, Equitable, and Collaborative Groups*. We combined Wilson's interpretation of Ostrom's work with our earlier interpretation to arrive at what appears in this paper.



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