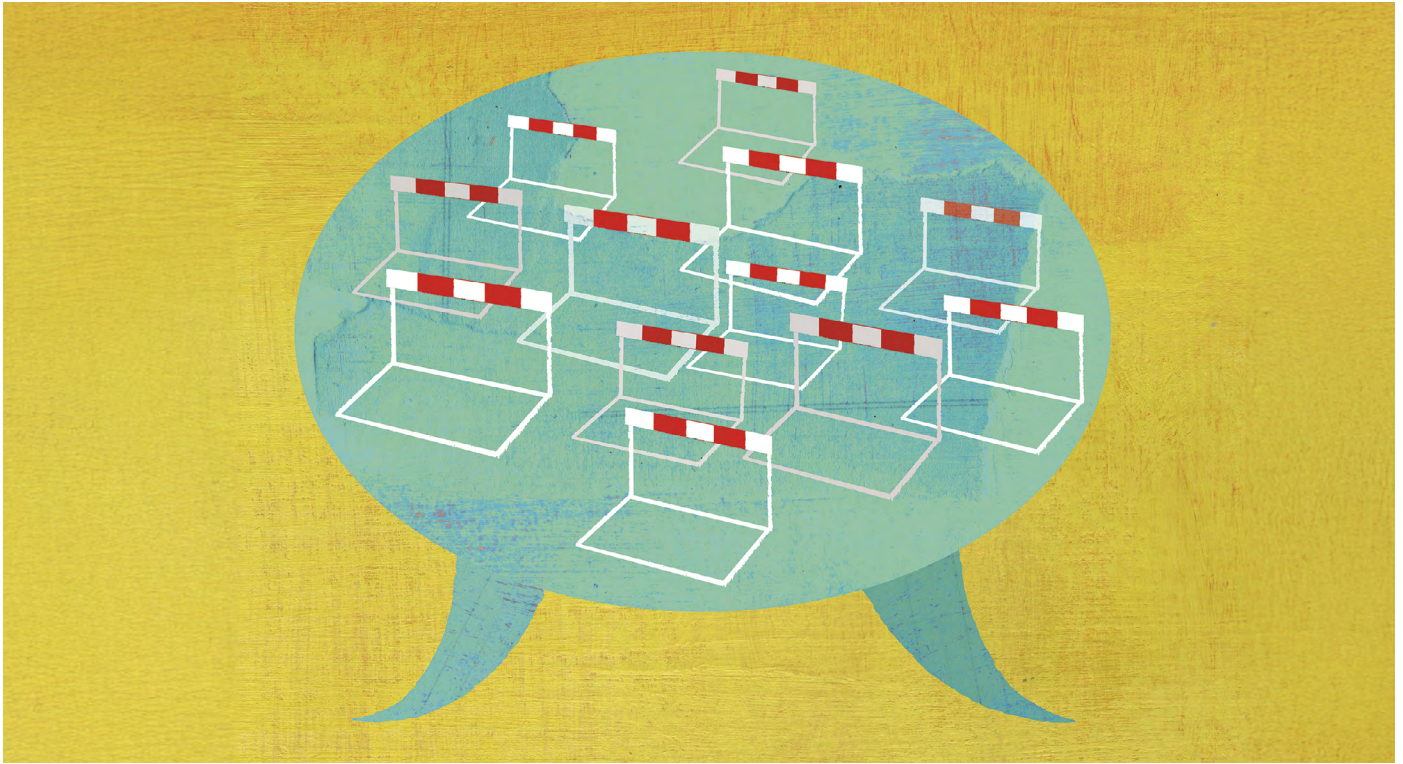


In Brief

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GFOA SURVEY

Overcoming Challenges for Better Budgeting

A recent survey highlights missed opportunities for local governments to build trust in the budget process

BY MICHELLE KOBAYASHI

A November 2023 survey of local government finance professionals highlights the challenges and opportunities inherent in more effective and community-centric budgeting, especially the need for data-driven and transparent practices to build trust.

The survey results showed that less than half of public-sector finance professionals rated their current budget practices excellent or good for building trust with their communities. While most respondents gave excellent or good ratings to current budgeting practices, they gave lower ratings for building trust with stakeholders, incorporating resident priorities, and involving residents in decision making.

Conducted by Polco in partnership with GFOA and with the close collaboration of Envisio and Euna Solutions, the survey investigated how local government finance

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leaders feel about current budgeting practices and their readiness to embrace modernized approaches. The multi-wave online and mailed survey sampled GFOA members and was completed by 285 people. A high proportion of respondents represented GFOA Distinguished Budget Award winners, causing results to reflect governments who participate in GFOA programs.

Respondents included those directly responsible for the budget (72 percent), part of the budget team (15 percent), overseeing the budget department (12 percent), or a stakeholder in the budget function (one percent). They provided valuable insights into their current budget methodologies.

BACKGROUND

New technology and software are enabling local governments to modernize processes that in some cases have remained mostly unchanged for decades. But while technological advances are inspirational, they can fall flat if they aren't accessible. The motivation for his survey came from informal discussions with a few budget officers.

While they shared their excitement about new software and tech tools, they noted that tech alone couldn't modernize their budget processes. Some pointed out that they couldn't use the new tools because their organizations lacked the capacity, knowledge, and skills to implement them.

The survey attempts to understand what is happening with budgeting across the country; to assess the biggest challenges and strengths of current budget methods; to test important characteristics that contribute to budget updating preparedness identified by the

GFOA Rethinking Budgeting team; and to identify the readiness of organizations to embrace modern budgeting practices.

KEY TAKEAWAYS

Survey respondents were asked to rate their current budget methodology based on 15 budget quality characteristics, with ratings ranging from 100 (excellent) to zero (poor).

The survey found that while local government budgets do a good job of incorporating the priorities of elected officials and staff, there is room for improvement when it comes to incorporating constituent opinions. About nine in ten respondents rated their budget processes as favorable at incorporating the values of elected officials, and eight in ten felt staff opinions also were given ample weight. Respondents also gave favorable assessments of the ability of their budget process to help resolve conflicts across departments and between stakeholder groups.

But many organizations struggled to build trust with residents, incorporate their priorities and sentiments into budgets, facilitate understanding of the budget process, and involve residents in making important trade-off decisions.

OTHER SURVEY HIGHLIGHTS

Polco's survey summary also noted that elected officials and staff members are generally satisfied with their current budget processes, and many are using best practices in local government budgeting. About eight in ten respondents rated their current budget process as excellent or good, and about nine in ten external stakeholders (elected officials and staff) were satisfied with the current methods. Providing good taxpayer value, usefulness in day-to-day decision making,

flexibility, and reliance on clear financial rules also received high assessments.

Organizations also reported using more innovative practices in budget construction. Slightly more than half indicated they devoted at least a moderate amount of time aligning revenues and expenditures to the organization's priority outcomes, developing and updating performance measurements, and developing and updating programs either within or across departments.

Respondents were asked to answer, in their own words, the following question: "What is one thing about your budget or budget process that you would change?" The top responses fell into four categories. The most common responses related to a need for more automation and better technology. About one in four responses related to new or improved budgeting tools. Other important improvements related to aligning goals with strategic plans and focusing budgets on outcomes, increasing public engagement and transparency, and increasing and improving staff involvement.

Other highlights included:

- New tools and technology are important for local government budgeting to evolve, with respondents noting they could find and use technology to make the budgeting process more efficient and actionable.
- Many key drivers of the overall budget process satisfaction related to organizational culture, with higher satisfaction aligning with more transparency and collaboration, data-driven processes, adaptability to change, and willingness to devote resources to staff training.
- New technology and budgeting tools on their own may not be enough to improve budgeting processes.
- The data argue that there are myriad levers to evolve a budget, and organizational culture is one important step.

Get the full survey report and more information on Rethinking Budgeting at gfoa.org/rethinking-budgeting.

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