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FINANCE TEAM

Rethinking Budgeting in Action: Spotlight on the Fort Worth Lab

BY KATIE LUDWIG

Over the past few years, the City of Fort Worth, Texas, has been rethinking its approach to budgeting. Recently, outgoing City Manager David Cook, who retired in February 2025 as the city's longest-serving city manager, and outgoing Deputy City Manager Mark McDaniel, who also retired in early 2025, spoke with GFOA to explain why the city decided it needed a new approach, how it got the new approach off the ground, and what some of the early results have been.

Fort Worth is a growing city with a population of more than 978,000 people, an operating budget of approximately \$3.6

billion, and about 8,000 employees. Cook pointed out that Fort Worth is "one of the fastest growing cities" in the country. "We're adding 20,000 people a year, so over five years, we'll add another 100,000 people. We need to be thinking about budgeting and infrastructure planning well into the future because we have to add infrastructure for 100,000 people every five years and the services that are needed for 100,000 people every five years," he said.

Cook, whose first job was as a budget intern in the City of Charlotte, North Carolina, still thinks of himself as a "frustrated budget analyst"

despite his 40 years of city and county management experience. This frustration is what led him to begin thinking about how Fort Worth could improve its approach to budgeting.

Cook explained, "The budget is simply a strategy and allocating exercise, but the true question is are we making our communities better, and through the budget process, are we allocating resources that will get us there? And that makes us think about 'what do we mean by making the community better?'"

These questions about how to make the community better are similar to the questions GFOA was asking as it undertook its Rethinking Budgeting

initiative. Ultimately, these questions led Cook to the idea for the Fort Worth Lab (fortworthtexas.gov/departments/the-fwlab), which combines planning, strategy development, budgeting, and data analytics in one department, with the goal of making the city work better. Cook came up with the idea for the lab and brought McDaniel on board to build it.

McDaniel said one of the first steps in building the Fort Worth Lab was getting people to think differently about budgeting. “Budgeting is not just a cycle you do every year, where at the end of it, you have a budget,” he said. “How we think about the budget is that it’s a comprehensive, more holistic look at why we are doing what we do as a city.”

By taking this more comprehensive view of operations, Cook thinks the lab can help the city demonstrate accountability to the community and the city council. For example, in recent years, the city has increased funding for initiatives to make the city safer. In addition to adding more police officers, the city invested in things like installing more streetlights and increasing the frequency of pavement markings. “I think we owe a response to the community and to the council. Did that spending of money—whether it’s pavement marking, streetlights, police officers—actually make the city safer? I think we have to close the loop on some of those things as we go forward,” he said.

One of the lab’s initial projects is implementing a priority-based budgeting, which McDaniel said the city is rolling out over three years. “We started with the general fund first, so we can really look at all the priorities in one fund before we move to the next and make sure the decision making is the same process for some departments as it is for others,” he said.

The priority-based approach is different from traditional budgeting in that the city isn’t just looking at departments and line items; it’s also outlining the programs that each department provides and costing out those programs. “Then we look at those programs in relation to the council’s overall, overarching priorities, and we rank those



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programs on how much they’re meeting the priorities,” McDaniel explained.

He believes priority-based budgeting will be useful if the city finds itself needing to trim the budget. “We’re starting to think differently about how we’re going to use that tool [priority-based budgeting] to look at baseline funding as well as decision packages because we had a more difficult budget year this past year, and the next year is going to be even more difficult,” he said. “We already know that we’re going to have to go back and look at existing budgets before we start talking about new things and probably end up cutting some things to balance. So, to prepare for that, we’re looking very closely at the baseline.”

Another program the Fort Worth Lab has introduced is providing process improvement training. Twenty city employees are in the first cohort, working on earning their Lean Six Sigma “Green Belt” certification. The cohort is reviewing city processes to look for ways to improve efficiency, service delivery, and customer service, and hopefully identify opportunities for cost savings as well.

The lab also runs “Fort Worth Stat,” an initiative focused on reviewing data on different city priorities to identify

potential problems or areas of concern and outline a plan of action to reverse any negative trends. A key component of Fort Worth Stat are regular “turn the curve” meetings, during which staff review data and discuss whether the city needs to reallocate resources to address different priorities.

The lab, which has about 30 employees, allows the city to test ideas and get a better understanding of why a particular program or service is or isn’t working, but it does so throughout the year, not just during budget development. “We all know it’s so frustrating when you get to the actual balancing step of the process and you’re going through what we call ‘budget blitz’—budget hearings with departments—there’s no time to do research on what’s being proposed. There’s no time to stop and look at what other cities are doing. You do some of that, but most of it is basically just trying to put the puzzle together. If you’re doing Lean Six Sigma throughout the year, or you’re doing Fort Worth Stat, and you’re doing data analytics around a big policy issue, then a lot of those questions are already answered by the time you get to the budget process itself.”

Getting buy-in

The city started rethinking its approach to budgeting just as it was beginning to develop a new budget using its traditional approach. McDaniel recalled that Cook told him to “go and blow it [the budget process] up and put it back together again.”

McDaniel emphasized that one of the keys to getting the new budget approach off the ground was Cook’s strong support. “We had a lot of staff vacancies because there was a lot of turnover at the time, coming off of COVID. We lost a lot of employees in the process, and we wouldn’t be where we are today, especially in a larger organization, which tend to be more bureaucratic, if I didn’t have 100 percent support from David,” he said. “David ‘got it’ because of his finance background, so we were able to make some decisions that would have taken much longer elsewhere. What I’m talking about here is purchasing the appropriate

software, adding staff where I needed them, and the ability to go and pluck them out of the organization, where I didn't have to go through a lengthy recruitment process to fill positions because I had to put a budget out at the same time."

Cook believes another benefit of the Fort Worth Lab is that staff from different departments are working together more, breaking out of their silos, and thinking about the bigger, longer-term picture. He shared an example of a stronger connection between land-use decisions and financial planning. "When you think about the land use process, the development process—if we're on the front end of that, we can predict revenues and expenses. But we generally haven't attached that analysis to the development process," Cook explained. "Some of this is just trying to get us to think about processes that we actually control, that can inform other processes and give us information about revenues and expenditures and tie that into a longer-term perspective."

The Fort Worth Lab has been in place for about two years. Getting to this point has taken significant effort from staff throughout the organization.



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Fort Worth's rethinking budgeting approach has increased funding for initiatives to make the city safer, including adding police officers, installing more streetlights and increasing pavement markings.

"It's not been an easy road. It's taken a lot of late nights and endurance on the part of a lot of people," McDaniel said. "I can remember when we laid this out to the department heads, I had one person in particular who said, 'Well, sounds good, but you'll never do it.' For me, that was throwing down the challenge. Now, she attends every single steering committee meeting, and she's right there, part of the effort. You have to stay with it, and as long as you have the support from the top, that makes all the difference in the world."

Cook and McDaniel rolled out the plan for the lab to department heads in small-group meetings. They presented the plan and asked for feedback and tweaked the plan based on the feedback they received. The city has established a steering committee for the lab. Every department head is a

member of the steering committee, which meets once a month. McDaniel stressed that the steering committee meeting is separate from department head meetings that happen regularly. The steering committee meetings are dedicated to discussions about the lab. The meetings are often held over lunch.

"We also invite department heads to bring things to that steering committee meeting that they're having an issue with, that the Lab and the rest of the departments can help with. We might have HR come in and talk about hiring issues and how the Lab is helping them," McDaniel explained. "We've even invited the internal auditor in to talk about why they do what they do, and what criteria they use, and how we can be better stakeholders in their process."

McDaniel strongly believes the steering committee has been important

for getting broad support and buy-in for the lab and the new approach to budgeting, including implementing new budget software. “We’re asking them to do a lot in the process,” he said. “We need to make sure that they’re part of the decision making on the pace of deployment and the priority of the components we’re deploying.”

Despite the steering committee’s support, McDaniel acknowledged that the lab has caused some concern. “One of the biggest things that I’ve heard is, ‘Why are we under the microscope? Why are y’all looking so closely at these things? Why are we doing this Fort Worth Stat?’ There’s some trepidation from the departments,” he said. “I think what’s helped a lot is building trust with them, letting them know that these meetings are not ‘gotcha’ sessions. This is to learn more about what you’re doing so that we can better understand what your needs are when we put the budget together and ask the questions we need to ask now as opposed to later.”

McDaniel also credits the leadership of the lab with establishing a collaborative culture. Lab staff don’t think of themselves as “enforcers.” Rather, they see themselves as internal consultants who serve the departments.

Cook echoed the importance of establishing a collaborative culture that’s focused on serving the community better. “I think the culture is about sharing information and being open to questions from others. If we’re all here trying to make the city better, then why wouldn’t you be open to questions or willing to share information?”

While McDaniel led much of the effort to secure internal buy-in for the lab, Cook took the lead in getting the city council on board. Cook thinks the city’s overall financial strength played a role in gaining the council’s confidence and trust. “I think one of the strengths of the city is we are sound financially, and I think they’ve seen that over a number of years,” he said.

Cook said he also stressed the experimental nature of the lab when making the case for it. In fact, when staff initially presented the idea to the city council at one of their meetings, they wore white

lab coats. “The whole idea is to make us better able to answer these questions on whether we’re making Fort Worth a better place for our residents and our businesses and so forth,” he said. “I think they took it in that vein, and now, as part of the budget, we do early meetings with the council, so they have more input in the process.”

Cook added that it’s important to keep the council updated on the lab’s work to maintain their trust and confidence. Once the city got the lab off the ground, Cook and McDaniel provided regular updates on its progress. “I think the city council has now seen who is leading the Fort Worth Lab, who we now have as staff in the Fort Worth Lab, and there’s just increasing confidence that the lab is doing what we intended it to do when we kicked it off. That comes with hiring the right people and producing something that the city council is also proud of.”

Rethinking the role of public engagement

As the city is rethinking its approach to budgeting, it is also reconsidering where public engagement fits into the process. In the last year, the city has been engaging with the public on a lot of different initiatives, including its comprehensive plan, a parks and open space plan, and its bond program. McDaniel thinks all this public engagement could be contributing to some fatigue and confusion among members of the public, so the city is experimenting with technology tools and asking for the public’s feedback on budget priorities as opposed to numbers. In addition, the city also conducts a citizen survey every other year, hosts pop-up engagement events in the community, and hosts traditional town hall meetings. Last year, the city held 14 town hall events across all the city council districts.

Cook explained that these more traditional engagement events are important because they allow city leaders to gain a better understanding of each council district’s unique needs. “Fort Worth is 360 square miles, so

it’s geographically a large city, and we have elected officials who represent different districts,” he said. “One of the benefits, I think, of still doing the town hall meetings with council members is there are different issues in different parts of the city. In one area, it might be all about the maintenance of streets. In another area, the top priority might be why we don’t have a recreation center. And then in another one, it might be police response time. So, it does help us get a feel for the different needs throughout the city.”

Advice for other local government leaders

Cook and McDaniel offered advice to other local government leaders who are rethinking their organization’s approach to budgeting. Cook’s advice was short and sweet. He encouraged leaders to remember that “budget is not an annual event; it’s a way of life.”

McDaniel advised trying to get some early wins but remembering that lasting organizational change doesn’t happen overnight. “Even though we’ve made a lot of progress in a very short period of time, we’re just now launching some initiatives, and we still have others that we haven’t launched yet,” he said. “People can go at their own pace, but with us—especially with the resources that have been dedicated—there’s a sense of urgency in delivering so we don’t get our budget cut.”



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