

# Trailblazers



Cities Come Together to Forge  
New Paths on Budgeting

BY CHRIS FABIAN, SHAYNE KAVANAGH,  
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City of Liberty Lake, Washington



City of Fort Worth, Texas



Denver Public Library



City of Minnetonka, Minnesota

## Rethinking Budgeting pioneers share early experiences putting practices into action.

Incorporated just 20 years ago, the City of Liberty Lake, Washington, is a young city with a small but growing population of 14,000, a strong economy, and an expanding commercial base—and almost no debt. But even in this enviable position, city leaders are overhauling their budgeting and planning processes to better serve the community.

The timing is strategic: the City of Liberty Lake is approaching its first major infrastructure replacement cycle. The city faces the complex challenge of repairing and replacing roads, storm water systems, and city buildings. As an early adopter of GFOA's Rethinking

Budgeting best practices, the city is taking advantage of its strong position to transform budgeting and strategic planning processes so its response can be resilient and nimble when a crisis arrives.

As the city implements its \$18 million annual budget, it is also participating in a new group of passionate and like-minded budget practitioners called the Rethinking Budgeting Trailblazers Group. Convened in 2024, the group's objective is to help more local government organizations successfully implement the Rethinking Budgeting recommendations.

"When you take this revolutionary kind of approach, you have to have people who are willing to go out and tell the story of why it's important, what it means, and the

places where they're implementing it," said Mark McAvoy, city administrator for the City of Liberty Lake.

McAvoy acknowledges that implementing the new budgeting best practices isn't a copy-and-paste scenario from one organization to the next. All public-sector organizations are different and have to find their own paths to implementation.

"This is my fourth city, and I can see the benefit of making this change," he said. "I want others to be able to think in a new way about what is possible, because it all goes back to benefiting the community."

In his opinion, the new budgeting best practices give local government leaders the best opportunity to meet the challenges of today and better prepare for the future.

"Knowing where I came from in this budgeting and planning journey, mindset-wise, to where I am now, I can help other people make that same jump," he said, "and we'll be in a much better place across all local governments."

### RETHINKING BUDGETING

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. **Rethinking Budgeting** will raise new ideas and will produce guidance for state and local policy makers on how local government budget systems can be adapted to today's needs.

Learn more: [gfoa.org/rethinking-budgeting](https://gfoa.org/rethinking-budgeting)





As a young, growing city, Liberty Lake is pioneering Rethinking Budgeting best practices to prepare for the future and build resilience against future challenges.

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**– MARK MCAVOY, CITY ADMINISTRATOR FOR THE CITY OF LIBERTY LAKE**

### **LIBERTY LAKE: SMALL CITY, BIG VISION**

At Liberty Lake, the evolution isn't just about a new way of budgeting—it's about using new decision making strategies to improve life in the community, which is already known for its civic pride, recreational and educational opportunities, and abundant trails and green space.

By allocating resources for programs that are meeting strategic goals and measurably making the city better, city leaders aim to create greater transparency around spending, engage more deeply with residents about their priorities, and build resilience against future challenges such as economic downturns or climate events.

In spring 2024, Liberty Lake was one of a handful of pilot communities to take the newly developed Readiness Assessment. It offers a tool and process that leads an organizational team

through a series of questions and discussion areas to discover how prepared it is for change, to create cross-functional buy-in, and to identify barriers to getting started.

To ensure broader participation, the City of Liberty Lake gathered a cross section of city staff, elected officials, and members of the city's community engagement commission. The biggest takeaway was a need for more inclusiveness in the budget process, and that improvements in communication around the budget would help smooth the transition to a new process, build trust, and alleviate skepticism that data from the process would be used against departments.

In response to the assessment findings, the city is taking steps to make budgeting an organization-wide process. Rather than create separate budget meetings, the City of Liberty Lake has incorporated budget discussions

into existing operational meetings. While not everyone who works for the city needs to understand everything about the budget, just being involved in regular budget discussions helps show how vital the work is for the community.

“From a service delivery perspective,” McAvoy said, “we want everyone involved to know exactly how much they're investing and what is being returned on that investment.” For example, the city wants to share with residents how much it pays for snow removal and find out if residents are satisfied with the level of service for their investment. “If you use that example and spread it to all other programs, that's what we're trying to accomplish,” McAvoy said. “And through it all, we want to have engagement with our residents, businesses, and visitors, and have them be able to tell us where we are missing the mark.”

## FORT WORTH FLIPS THE SCRIPT

To understand the leading edge of Rethinking Budgeting in practice, look at what's underway in the City of Fort Worth, Texas, with an annual budget of \$3.6 billion—200 times larger than that of Liberty Lake. To manage its growing population of nearly one million across 360 square miles, the city is completely reframing how it plans, prioritizes, and measures success.

Fort Worth is adding roughly 100,000 new residents every five years, challenging the city to maintain or replace aging infrastructure while building new roads, water systems, and public facilities to support the increase in new residents.

Describing himself as a “frustrated budget analyst,” City Manager David Cooke led the founding of The Fort Worth Lab (The FWLab) in 2023 to provide a new research and data analytics hub supporting an entirely new budgeting and strategic planning process that tests assumptions, validates decisions, and models scenarios, among other functions.

“I don't think of budgeting as counting and balancing,” Cooke said during a

recent GFOA training webinar. “I think of budgeting as an analysis of whether we're making our communities better, and through the budget process, are we allocating resources that will get us there. It's a deeper conversation about public policy, about solving problems, and truly wrestling with ‘Are we making the communities that we serve better?’”

In creating The FWLab, the city is borrowing from GFOA research but writing its own playbook, one that leaves behind a patchwork of legacy solutions, including spreadsheets and custom workflows. In its place, the city has assembled a core team of 30 employees who serve as internal consultants for city departments and elected officials. Trust is a huge theme for the lab as it establishes a culture that invites questions and fosters collaboration. It also has benefited from city council and leadership support for strategic investments in technology tools, including software solutions for priority-based budgeting, long-range planning, strategy and performance, and data analytics.

Mark McDaniel, deputy city manager and chief architect of the lab, notes that although the government has to

operate differently than the private sector, that doesn't mean it can't borrow from private-sector practices. This perspective is evident in the lab's appointment of a chief transformation officer. The lab also holds regular “Fort Worth Stat” meetings to analyze performance trends and major policy issues.

Perhaps most importantly, the lab provides a deeper analysis of how allocated resources improve community outcomes and budgets according to those priorities.

While city leaders know it will take several budget cycles for this new approach to take root, early results are promising. The lab has become a trusted partner in policy analysis, even challenging and customizing academic models to better serve Fort Worth's unique needs.

“Budget is not an annual event,” McDaniel noted. “It's a way of life.”

*Read more about how the City of Fort Worth is rethinking budgeting in an interview with their finance team on page 69.*

## Eight key differences in new budgeting practices

Rethinking Budgeting advocates for greater community engagement in identifying strategic priorities; aligning funding with those priorities; and tracking, reporting, and adjusting based on results. The following are eight key differences between traditional budgeting and GFOA's new approach:

- 1. Prioritizing savvy decisions.** Rethinking Budgeting prioritizes making savvy decisions over technical balancing of numbers. Once key strategic decisions are made, the technical components naturally follow.
- 2. Principles over practices.** Rather than following rigid prescribed practices, organizations adapt approaches based on core principles that work for their unique situation.
- 3. Strategic versus baseline services.** Not every funded service is strategic. Some important baseline services [like garbage pickup] simply need to be maintained efficiently.



To budget for its rapidly growing population, the city of Fort Worth, Texas, created The Fort Worth Lab, which is supporting the city in transforming its budgeting and strategic planning processes.



**4. Collaboration over competition.**

Traditional budgeting often creates a zero-sum competition for resources that deplete shared assets. Rethinking Budgeting emphasizes collaborative approaches and efficient use of resources to benefit the whole organization.

**5. Less is more.** Focus on efficiencies and avoid unnecessarily complex processes.**6. Risk-aware decision making.** Budget processes must acknowledge and plan for uncertainty in revenues, community needs, and priorities rather than assuming perfect predictability.**7. Appropriate self-skepticism.** Systems should be able to examine and adjust based on past decisions rather than taking them as unchangeable givens. At the same time, systems still need some stability, so skepticism must have limits.**8. Long-term perspective.** Budgeting should incorporate long-term thinking and planning rather than focusing solely on the next budget period.**DENVER PUBLIC LIBRARY: MAKING EVERY DOLLAR COUNT**

For its 2025 budget, the Denver Public Library, which includes the Central Library and 27 branch locations, was asked by the City and County of Denver, Colorado, to cut its budget by 7.54 percent, and it had just a few business days to develop a reduction plan.

The library addressed the reduction with a mix of service adjustments and a creative, stringent approach to personnel management that introduced a savings target for each pay period met through natural attrition, delayed recruitment, and staff redeployment. This was made possible, in part, by planned renovation closures that allowed the library to leverage existing personnel to fill vacancies and minimize service impacts. At the same time, the library chose a minimal reduction from the facilities management budget to guard against deferred maintenance resulting in unplanned service reductions in some of Denver's most vulnerable neighborhoods.

"The library has come a really long way in its movement to more of a priority-based budget," said Kirsten C. Decker, director of organizational strategy and development. When Decker started at DPL five years ago, she viewed the budget as a "black hole budget" (can't find how much a certain program costs) or a "SALY budget" (same allocations as last year).

What the budget should be, she said, is "a statement of your priorities, an opportunity to really articulate what you're prioritizing and care about." As DPL started moving toward a strategic management cycle several years ago, the team agreed to prioritize aligning budget with strategy. "Budgeting is: how are you trying to make these dollars work for you?" Decker said. "How are you trying to align this investment with the priority?"

The transition has required DPL to first deconstruct its entire budget so it could understand existing spending patterns before reconstructing it focused on priorities. The process has included a lot of non-sexy parts, like



The Denver Public Library used priority-based budgeting when it was asked by the City and County of Denver to cut its 2025 budget by 7.54 percent.

redoing the accounting structure to better align with library operations as well as coaching and “up-skilling” of managers who oversee portions of the budget.

“It’s moving away from just straight-up math to understanding the value proposition of an investment,” said Decker, who has stayed apprised of the intersection of budget and performance strategy her entire career, reading just about everything from the GFOA think tank. “I think we have a responsibility to the communities we serve to make sure we’re making the revenue we’re given work for them, based on direct feedback from them,” she said.

As it continues to evolve its budget practices, DPL is committed to priority-based budgeting, articulating value, performance measurement, and process improvement, Decker said. “We want to lead the way in this space.”

### MINNETONKA: PREPARING NOW FOR FUTURE CHALLENGES

The City of Minnetonka, Minnesota, a Twin Cities suburb with approximately 55,000 people, is known for its rich natural resources, including a 58 percent tree canopy and the many recreational resources of Lake Minnetonka. Probably less well known but also impressive are the city’s Triple A bond rating and its reputation as a fiscally well-managed city.

But rather than resting on its laurels, the city is laying the groundwork to implement GFOA’s Rethinking Budgeting practices. The city’s strategic plan increasingly drives the budget, and a more program-based approach is part of the city’s three-year plan.

“Our employees see the value in it,” said City Manager Mike Funk. “They want to be involved. They want to contribute, and you start to see this real synergy being built around it—more than I’ve ever seen.” Funk got into government 28 years ago to make a difference, and with that experience, he has come to realize that “cities can do it better.”

For its most recent budget cycle, the City of Minnetonka faced budget pressures from inflation and the



The City of Minnetonka participated in the Rethinking Budgeting Readiness Assessment and is preparing to implement software tools for priority-based budgeting to help position the city for long-term success.

“With the current economic cycle, we need to make sure we’re forward thinking and positioning our city for long term success.”

— MIKE FUNK, CITY MANAGER FOR THE CITY OF MINNETONKA

broadening of city services beyond the core (maintenance, public safety, snow plowing, and more) to programs that make the community more inclusive and resilient to climate change.

To minimize additional property tax burdens for the 2025 budget, the council chose to delay some high-priority projects, including \$37 million for necessary improvements to aging community facilities. “The budget process this year was probably one of our tightest ones to date,” said Finance Director Darin Nelson, “and I don’t necessarily see that improving.”

Capital-intensive needs on the horizon for the city include planning for a large public park in a redevelopment area called Opus, where a new light rail station will open in 2027, along with new businesses and housing. The city must also plan for

improvements to four fire stations and two fitness facilities, and adding more trails across its 28 square miles.

The City of Minnetonka’s revenue streams are heavily reliant on property taxes and user fees, and without sales, income, or lodging taxes, the city has fewer options on the revenue side of the budget.

The city participated in the Rethinking Budgeting Readiness Assessment and plans to implement software tools for priority-based budgeting aligned with its existing strategic planning and performance management tools and processes.

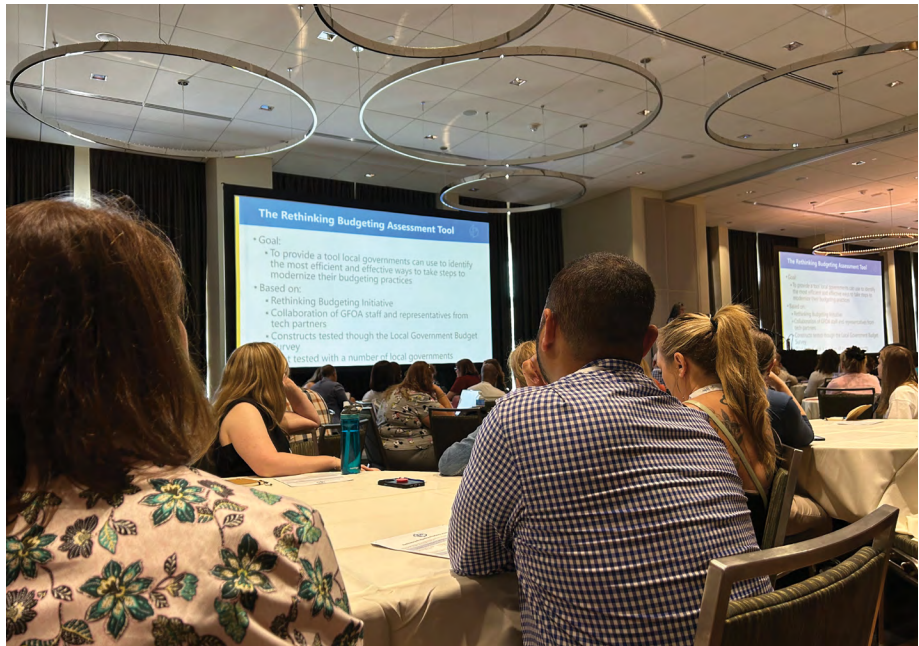
“Budgeting always gets harder,” Funk said, “but with the current economic cycle, we need to make sure we’re forward thinking and positioning our city for long term success.”



## Steps to better budgeting

Local governments and agencies can start now on their own Rethinking Budgeting journeys with these six steps:

1. Begin with GFOA's Rethinking Budgeting Readiness Assessment to identify key focus areas across people, tools, processes, and culture. This provides a structured framework for understanding your organization's starting point, bright spots, and gaps.
2. Transform budgeting from a purely transactional process into a strategic and collaborative one by bringing together diverse perspectives from across your organization to discuss specific challenges around decision making and core issues.
3. Build trust through transparency and collaboration, including creating psychological safety, so departments can openly explore solutions without feeling defensive about their budgets. While cultural shifts take time, they are essential for enabling more strategic decisions.
4. Focus on getting better data and analysis to inform decisions, while being realistic that meaningful change takes time. Start with clear goals and priorities from leadership, then gradually build capacity and buy-in across the organization.
5. Adapt best practices to fit your organization rather than follow a rigid formula. Operating as chefs rather than cooks, select and combine the ingredients that best suit your organization's unique needs and circumstances.
6. Build community around these new approaches by seeking peer support through industry conferences, taking GFOA training, and making use of GFOA's educational materials like the "Financial Foundations of Budgeting."



Participating group member organizations are required to take the GFOA's Rethinking Budgeting Readiness Assessment.

## Conclusion

While transforming budgeting processes may seem daunting, the experiences of early adopters like the City of Liberty Lake, Denver Public Library, the City of Minnetonka, and the City of Fort Worth demonstrate that organizations of any size can successfully implement new approaches that better serve their communities. By focusing on strategic priorities, building trust through

collaboration, and leveraging available resources and support networks, local governments can begin their own journeys toward more effective and transparent budgeting practices. ■

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## Is your organization ready?

GFOA's Rethinking Budgeting Readiness Assessment tool was developed with a cross-functional group of private-sector survey scientists, GFOA researchers, technology vendors, and government practitioners. For local governments that are looking for a place to start rethinking their budgeting and planning processes, the assessment can be accessed from the GFOA website and used for free.

➔ [gfoa.org/materials/rtb-assessment](https://gfoa.org/materials/rtb-assessment)

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