



PERSPECTIVE

Gray is OK: Building Trustworthy Relationships in Budgeting

BY JUSTIN MARLOWE

GFOA's Code of Ethics reminds us that the *raison d'être* of local public finance is to build trust in government. When local finance professionals do their jobs well, citizens have deeper faith that their government is looking out for their interests, treating them fairly, and improving their quality of life. That's a clear and inspiring "big picture" goal.

What's less clear, but perhaps even more important, is how local finance professionals earn the trust of the elected officials they serve—and how they can build and maintain that trust during one of the most challenging times of the year: the budget process.

At GFOA's 2024 annual conference in Orlando, I was able to put these questions to five senior local finance professionals. That conversation was part of a broader panel discussion on the "new politics" of local budgeting. These panelists offered up several profound and practical insights on how local finance professionals can engender trust in the elected officials they serve. Most of those insights came back to a simple piece of advice: in budgeting, "gray is ok."

Before talking about the new politics of local budgeting, it's helpful to briefly revisit the "old" politics. One of the most influential textbooks on the subject explains that local government budgeting is the process of managing conflict. Resources are scarce, but

citizens' desires are limitless. When a local government makes its budget, it fulfills some of those desires and postpones many others. This brings with it an unavoidable element of conflict. Sometimes that conflict is productive; oftentimes it's not. GFOA's Rethinking Budgeting initiative (gfoa.org/rethinking-budgeting) is an attempt to make budgeting more productive by shifting it away from its traditional sources of conflict and toward budget processes that ask different questions that are designed to better align resources with priorities. That's a badly needed step in the right direction. But the fact that we need to rethink budgeting says something about its inherent challenges.

Many finance professionals choose to navigate budgeting by taking on the role of “honest broker.” They add value by offering useful, reliable, and impartial information, especially about the technical, esoteric parts of budgeting and finance. In other words, as a local finance professional, you’re valuable to budgeting if you “know your stuff.” Conflict over budgeting often happens when elected officials don’t agree on the basic facts in question. What will a new spending proposal cost? Will state law allow for a particular type of interfund transfer? How much can we expect to save from a debt refinancing? Local finance professionals are often seen as the purveyors of truth. They can offer up the “correct” answer that moves the process forward.

But being correct doesn’t necessarily engender trust. In fact, leading with deep technical knowledge can alienate elected officials, especially those who are new to budgeting and those who are skeptical toward expertise in general. That sets up a dilemma, and an opportunity. In the new politics of local budgeting, successful finance professionals know how to navigate the gray area between what the financial facts on the ground tell us is correct, and what elected officials perceive as correct.

What does this mean in practice?

Avoid the being right trap. Elected officials will inevitably propose ideas based on an incomplete or incorrect understanding of the financial details. Finance professionals are obliged to bring the best available information to bear on the process; however, they often go beyond that obligation and attempt to steer the debate toward an opinion that’s better supported by the financial facts. Many elected officials see this as adversarial. It can destroy trust not just with them, but with other elected officials who wonder what will happen if they find themselves in an opposing position in the future. Local finance professionals

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can instead build trust by respecting that elected officials make tough decisions in the space between what the financial facts will support, and what they want for their community, regardless of the financial reality of that moment.

Share information. The old politics of local budgeting encourage finance professionals to hoard information. You’re valuable because you know things that others don’t, so you have little incentive to share what you know. But over time, elected officials will turn to other sources of information, including and especially non-credible sources. This can exacerbate budget conflict and create a vicious cycle. By contrast, sharing information is a terrific way to build trustworthy relationships. Answer all your elected officials’ questions, including and especially the most rudimentary questions. Of course, elected officials often ask questions that may not have a single correct answer. Effective finance professionals navigate this gray area by giving the best available answer, often with the caveat of “it depends.”

Yes, if. We all know a local finance director nicknamed “Dr. No.” Saying no might seem like the right thing to do on behalf of the organization. And at times it’s necessary. But it’s also a major barrier to trust. Finance directors who engender trust don’t say no. Rather, they say “yes, if.” They work hard to develop genuine options to help bring elected

officials’ desires to life. Those options might be difficult and perhaps even impractical in the near term. But in the long run, elected officials trust finance professionals who help facilitate the difficult decisions they must make. In the new politics of budgeting, finance professionals find ways to operate in the gray area between what’s possible today, and what might be possible in the future.

In the new politics of local budgeting, “gray is ok.” These three bits of practical advice are a useful playbook for local finance professionals to build trust with the elected officials they serve. That’s an important step toward our ultimate goal of building trust in local government writ large. ■

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