

## **Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting**

Recommended Public Participation in Planning, Budgeting, and Performance Management  
National Advisory Council on State and Local Budgeting (NACSLB)  
1998

The Recommended Public Participation in Planning, Budgeting, and Performance Management best management practice was on the Government Finance Officers Association (GFOA) web site.

<http://www.gfoa.org/services/nacslb>. Downloaded August 29, 2016

Of all of the functional areas of finance, the one most in need of guidance is government budgeting. The release by the National Advisory Council on State and Local Budgeting of this set of recommended practices represents a milestone in budgeting – in one document governments now have a comprehensive set of processes and procedures that define an accepted budget process. **The practices advocate a goal-driven approach to budgeting that spans the planning, development, adoption, and execution phases of the budget** (emphasis added).

The practices put forward by the Council take a major step forward in promoting the linkage of the budget process with other activities of the government. Their scope is intentionally broad, recognizing that **budgeting has many dimensions – political, managerial, planning, communications, as well as financial** (emphasis added). Practices encourage the development of **organizational goals, establishment of policies and plans to achieve these goals, and allocation of resources through the budget process that are consistent with goals, policies, and plans** (emphasis added). There is also a focus on **measuring performance** (emphasis added) to determine what has been accomplished with scarce government resources.

The Council's work is important in emphasizing that budgeting should have a long-range perspective, and not be simply an exercise in balancing revenues and expenditures one year at a time. This focus on long-term financial planning comes at a critical time. Recommended budget practices encourage governments to consider the longer-term consequences of such actions to ensure that the impacts of budget decisions are understood over a multi-year planning horizon and to assess **whether program and service levels can be sustained** (emphasis added).

What is significant about the practices is that they represent an unprecedented cooperative effort by several organizations with diverse interests to examine and agree on key aspects of good budgeting. The Council was founded by eight organizations representing elected officials, government administrators, and finance professionals at both the state and local government level. Council membership also includes representatives of the public finance industry, public employees' unions, and academia. The consensus achieved by this widely representative body will facilitate implementation of the practices in state and local governments, since there will be a common understanding among all participants in the budget process of what is to be achieved.

The release of the Council guidelines will not solve all of the problems encountered in budgeting – a complex process that involves politics, compromise, and competing visions of the role of government in serving the citizenry. What the practices can do is enhance the quality of decision making by encouraging practices that illuminate the key issues and choices facing a community.

The recommended practices have set a new standard of excellence in state and local government budgeting. As with any reform effort, widespread acceptance of changes in budgetary practice will take time, but the benefits promise to be profound and far-reaching.

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