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Priority-based Budgeting – Addressing an Agency's Priorities and Increasing Accountability and Transparency

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Abstract

This research paper focuses on the public agency's budget process model. The budget process is a powerful tool to help policymakers make informed decisions to achieve their promised or expected results. It also enables public administrators to manage public programs and efficiently respond to community needs.

Will priority-based budgeting (PBB) create positive benefits for an agency during unexpected events or emergencies, empower its administrator to swiftly allocate resources towards essential programs, and enhance transparency in financial disclosures while ensuring accountability for its actions?

This research study used a mixed methodology involving qualitative and quantitative data collection methods in the form of surveys, questionnaires, interviews with subject matter experts, and participant observation. The study explores the priority-based budgeting process and its potential to assist an agency in meeting the community's needs, allocating resources more effectively, and enhancing accountability based on outcomes. The analysis drawed on relevant literature to shed new light on the efficiency of priority-based budgeting in municipal governance.

Chapter 1: Introduction

Background

The COVID-19 pandemic brought unprecedented financial challenges to public agencies, compelling them to navigate a delicate balance between fiscal responsibility and community expectations. In response to community pressure for cost reduction, many jurisdictions reacted with drastic measures such as staff position eliminations and service cuts. The impact on work

quality became evident, revealing a compromised ability to uphold service standards. Citizens, now more than ever, demanded transparency and timely updates on fiscal decisions and budget allocations approved by government officials. The increased demand for accountability underscores public agencies need to adjust their budgeting process to align with evolving citizen demands. The fiscal effect of the pandemic extended beyond simple service reductions. Hotel Tax was the number one General Fund revenue for the City of Burlingame before the COVID-19 pandemic, bringing in about $30 million in FY2018-19. After one full year of the COVID-19 impact, the City's Hotel tax dropped to $5.7 million, which was an 81% reduction. Today, in the fourth year of the pandemic, the City of Burlingame is still dealing with its lingering budget deficit, prompting a reevaluation of its current line-item budget process. As Hager, Hobson, & Wilson (2001) stated, "The traditional line-item budgeting, wherein legislators specify allowable spending on *inputs* (salaries, supplies, travel), was first developed to guard against the misuse of public funds. *Incremental budgeting*, often used with line-item budgets, assumes that funding for existing programs will continue at about the same level as in the past" (p. vii). As the Finance Director for the City of Burlingame, I find this financial landscape inspiring a proactive exploration of alternative budget process formats, a study of best practices in public budgeting, and a suitable budget model. Beyond meeting immediate financial challenges, the objective is to establish a resilient and adaptable budgeting method that aligns with the City's long-term fiscal goals.

Statement of Problem

Traditional budgeting does not reflect the community's needs and does not allow the administrator the flexibility to move resources around more effectively and efficiently. It focuses on preventing the misuse of public funds but lacks the flexibility to allocate resources for optimal

effectiveness. Traditional budgeting only holds agencies accountable for what they spend, not what they achieve. An ineffective budgeting methodology could jeopardize an agency's ability to deliver its core services. The need for a budgeting approach that aligns better with the community and fosters transparency and accountability is evident.

Purpose of the Study

The purpose of the study is to assess whether the priority-based budgeting model is suitable for the City of Burlingame. Can it accurately represent community needs? Will it give the agency's administrators the flexibility to fund vital programs? Can it enhance transparency and accountability? The research benefits Burlingame's city council, management, and frontline workers, aiding them in delivering quality services to their residents.

Significance of the Study

The significance of this study extends beyond the immediate context of the City of Burlingame. The research seeks to establish a comprehensive framework to optimally utilize financial resources effectively, efficiently, and responsibly serving the community's needs. The findings of this study are poised to benefit not only the City of Burlingame but also hold relevance for local, state, and national agencies. Establishing a robust framework can serve as a model for budgetary practices and resource allocation strategies on a broader scale.

Research Questions

The central research question of this study is: What are the benefits of implementing priority-based budgeting in a governmental agency? Alongside this, sub-questions arise:

1. How does priority-based budgeting reflect the community's needs?

2. Will priority-based budgeting give the administrator the flexibility to fund the community's important programs?

3. How can priority-based budgeting help an organization achieve greater transparency and accountability?

Theory of Change and Assumptions

      The theory of change posits that implementing priority-based budgeting will align the agency's budget with community needs, enhance flexibility in funding programs, and result in transparency and accountability. Three assumptions underline this theory:

      Assumption 1 (A1): If an agency implements priority-based budgeting, then the agency's budget will be able to reflect the community's needs.

      Assumption 2 (A2): If an agency implements priority-based budgeting, it will give its administrators more flexibility to fund the community's important programs.

      Assumption 3 (A3): If an agency implements priority-based budgeting, then it will result in greater transparency and accountability.

Limitations

      Challenges and limitations are inherent in this research study. The study's scope is narrow, mainly focusing on the City of Burlingame. Budgeting and operations protocols vary from one organization to another. Conducting a study on multiple organizations could be more than I can do in the context of this study and the time limit.

Definition of Terms

      This study introduces a relatively new and emergent budget model – priority-based budgeting, which can be a challenge for regular citizens who are not working in the municipal finance field. Here are a few key terms to help better understand the significance of this study are as follows:

Priority-based budgeting – Priority-based budgeting is a priority-driven approach to government budgeting, which identifies the most important strategic priorities and allocates resources to those programs or services with the highest ranking (Kavanagh et al., 2010). The City of Burlingame's Community priorities are:

- Sustainability

- Transportation

- Housing

- Infrastructure

Priority-based budgeting evaluates each program in various areas to determine its current alignment with the community's priorities. It provides a price tag for that program to demonstrate how funds are being used to support those priorities.

Community's needs – Citizens are key stakeholders in the community. The lack of citizen engagement in the local government budgetary process resulted in decision-making that is primarily an accounting exercise and resource allocation and is not aligned with the values and priorities of the stakeholders.

Flexibility – Provides a greater ability to respond to changing needs in a society, create new services, and illuminate the need to withdraw from services when there is diminished demand.

Transparency – Transparency is essential in including residents in the budgeting process. Programs communicate the budget in terms relevant to how residents experience local government services. Clarifying these programs and how they impact the community's priorities is key to creating an effective budget.

Accountability – Staying within spending limits is important but not the only goal. Local governments are held accountable for the results and outcomes of the programs and services

prioritized in the budget.

Expected Impact of the Research

      This study's outcomes lay the foundation for the City of Burlingame to enhance its budget process, benefiting the community transparently, efficiently, and responsibly. The framework developed can extend its applicability to other municipal agencies.

<p align="center">Chapter 2: Literature Review</p>

Introduction

      A comprehensive search of scholarly articles, journals, and studies related to the topic of Priority-based budgeting was conducted. The review aims to provide insights into community needs, flexibility for community programs, and transparency and accountability. The following is a summary of key findings from the literature connected to this study.

Literature Review

      Priority-based budgeting and needs of the community.

      Several articles discuss the relationship between priority-based budgeting and the community's needs. Mitchell (2014) pointed out the transformative role of priority-based budgeting, "PBB transforms the values and priorities of citizens and government leaders into strategic objectives and budgetary decisions. PBB guides government decision-making by accessing community needs, priorities, challenges, and opportunities, identifying stakeholder concerns, needs and priorities" (p.324). Priority-based budgeting can serve as a compass for governmental choices while also helping to identify stakeholder concerns, needs, and preferences. Strauss (2023) emphasized the importance of "Priority-based budgeting aims to allocate funds to solve a community's problems. Community needs are the guiding principles of

this budgeting technique." Sopanah, Sudarma, Ludigdo, & Djamhuri (2013) highlighted the significance of public engagement: "Public Participation is a tool to get information about the conditions, needs, and attitudes of the local people, without which any program and any project of development will fail" (p.67). Pidgeon (2010) stated, "Priority-based budgeting gives a voice to community aspirations and a local dimension to the delivery of services. They also provide the link between community needs and decision making through building consensus among representatives" (p.13). Adams (2022), featured in the Government Finance Review, captures the essence of community-oriented budgeting: "What really matters is that this is a budget for the people. It's for the kids in this community" (p. 42). Priority-based budgeting caters to the community's needs, particularly focusing on the younger generation in the community.

Priority-based budgeting and flexibility for community programs

Priority-based budgeting is built on the principle that the budget is the people's budget. The community should determine how a budget is allocated, which provides guidance for the administrator to allocate the budget to the community's priorities. As the community's priorities shift, the budget should follow, according to Resource X. 2023. The Essential Guide to Priority-Based Budgeting, "Instead of standard across-the-board budget cuts, Priority-based budgeting reduces or increases funding based on the value of an individual program or service to the community. Kavanagh (2012) pointed out, "Priority-based budgeting is not based on incremental spending decisions – Programmatic spending is comprehensively prioritized, and spending allocated accordingly" (p.25). Mitchell (2014) stated, "Priority-based budgeting provides for a greater ability to respond to changing needs in a society, an ability to create new services, and illuminates the need to withdraw from services when there is diminished demand" (p.325). Ho (2011) described, "Priority-based budgeting is More than a Management Tool, which was used

to inform decision-makers about the needs of the community to reprioritize the operational focus of each department and to push departments to "do more with less" (p.395). Mitchell & Larson (2021) summarized in their introduction, "Priority-based budgeting reflects a contemporary attempt to systematically determine and implement the desired budgetary reallocation. It requires an organization to identify its service-delivery programs and their associated costs, determine organizational priorities, rate the programs according to their alignment with said priorities, and then reallocate budgetary resources from low-priority programs to higher-priority ones" (p.3).

Priority-based budgeting and transparency and accountability

Transparency opens the government to the people they serve. Transparency promotes accountability and prevents corruption. Mitchell (2014) stated, "Priority-based budgeting supports building public trust through the sharing of information and citizen engagement, which both foster a culture of accountability and responsiveness in government" (p.295). Good governance listens to the voices of its citizens, and according to Kavanagh, Johnson, and Fabian (2011), "Priority-based budgeting provides transparency of Community Priorities. When budget decisions are based on a well-defined set of community priorities, the government's aims are not left open to interpretation" (p.2). An accountable public agency uses its residents and business community feedback to develop and shape its policies. Salihu, Salinas-Miranda, Wang, Turner, Berry, and Zoorob (2015) summarized, "Priority setting that can be combined with diverse data collection methods is a necessary step to foster accountability of the decision-making process in community settings" (p.77). Schaeffer & Serdar (2008) further emphasized in the abstract section, "Community-based schemes for enhancing local government accountability generally need to combine legal, political, and administrative mechanisms (more effective budgeting, public oversight of local government expenditure, enforcement) with proactive community

involvement." As a result of a strong belief in the importance of transparency and accountability to government, Mitchell (2014) collaborated, "Priority-based budgeting is a tool for engaging citizens in a strategic planning process that builds the social value of government entities by increasing access, inclusions, transparency, trust, respect, and accountability" (p.331).

Conclusion

This study seeks to understand priority-based Budgeting and provide guidance to government entities in their process of making budgetary decisions. The principles that directed this research included addressing community needs, accommodating community programs flexibly, and ensuring transparency and accountability. A comprehensive assessment of scholarly literature was conducted to offer insights into the backdrop, historical progression, framework, and transformation of the governmental budgeting process.

Chapter 3: Research Methods

Introduction

The study employs a mixed-method approach, combining qualitative and quantitative data collection methods, including surveys, questionnaires, interviews, and participant observation. I will use the transcribed interviews from key informants and subject matter experts and tally all the survey results from the community's major stakeholders, residents, and business owners to identify and narrate trends and patterns of the finance industry's needs and community needs. These methods enable a comprehensive exploration of the priority-based budgeting process and its impact.

Research Question and Sub Questions

The main research question of this study is: What are the benefits of implementing priority-based budgeting for a governmental agency? Along with the main research question, this

research also tries to answer several sub-questions: How does priority-based budgeting reflect the community's needs? Will priority-based budgeting allow the administrator to fund the community's important programs? How can priority-based budgeting help an organization achieve greater transparency and accountability?

Theory of Change and Assumptions

The theory of change of this research study is: If an agency implements priority-based budgeting, then the agency's budget will be able to reflect the needs of the community; then, the priority-based budgeting will give the agency's administrators more flexibility to fund the community's important programs; then the agency will be able to achieve greater transparency and accountability. The following three assumptions are made:

Assumption 1 (A1): If an agency implements priority-based budgeting, then the agency's budget will be able to reflect the community's needs.

Assumption 2 (A2): If an agency implements priority-based budgeting, it will give its administrators more flexibility to fund the community's important programs.

Assumption 3 (A3): If an agency implements priority-based budgeting, it will result in greater transparency and accountability.

Operational Definitions

The independent variable in this study is the implementation of priority-based budgeting by the City of Burlingame. This study examines three dependent variables: the community's needs, flexibility within the community's programs, and transparency and accountability. To ensure the research collected is relevant, this study operationally defines key terms for clarity.

For the purposes of this study, *Priority-based budgeting* – Priority-based budgeting is a priority-driven approach to government budgeting, which identifies the most important strategic priorities and allocates resources to those programs or services with the highest ranking (Kavanagh et al., 2010). The City of Burlingame's community priorities are:

- Sustainability

- Transportation

- Housing

- Infrastructure

Priority-based budgeting evaluates each program in various areas to determine its current alignment with the community's priorities. It provides a price tag for that program to demonstrate how funds are being used to support those priorities.

For the purposes of this study, *community's needs* – Citizens are key stakeholders in the community. The increase of citizen engagement in the local government budgetary process ensures that decision-making is aligned with the values and priorities of stakeholders and not an accounting exercise or resource allocation. Priority-based budgeting is expected to differ from traditional models in prioritizing strategic community needs over other considerations. Unlike traditional models, which may focus more on historical spending patterns or across-the-board cuts. Priority-based budgeting explicitly identifies and allocates resources based on the most

important strategic priorities determined through community input and evaluation. Regularly updating and accessing these priorities to ensure continued relevance and responsiveness to the community's evolving needs.

For the purposes of this study, *Flexibility* – Provides a greater ability to respond to changing needs in a society, create new services, and withdraw from services when there is diminished demand. Flexibility refers to a higher degree of adaptability in reallocating funds to programs that align with the community's priorities. It will be compared to the constraints typically associated with traditional budgeting models, where funds may be allocated based on historical precedent or rigid departmental allocations rather than being responsive to evolving community needs.

For the purposes of this study, *t*ransparency is essential in including residents in the budgeting process. Enhancing transparency in the budgeting process ensures that programs communicate the budget in terms relevant to how residents experience local government services. Clarifying these programs and their impact on the community's priorities is key to creating an effective budget. It will be compared to standard practices where budget documents may lack clarity and the link between allocated funds, program outcomes, and community priorities may not be explicitly communicated.

For the purposes of this study, *Accountability* – The level of accountability extends beyond staying within spending limits. Local governments will be held accountable for the results and outcomes of the programs and services prioritized in the budget. This could involve robust reporting mechanisms and regular evaluations to ensure accountability is woven into the fabric of the budgeting process.

Population Sampling Strategy

The Population sampling strategy involves key informant interviews with subject matter experts familiar with Priority-based budgeting. The target population for this exercise comprises 10 Finance Directors in the San Mateo County Finance Officer group. A community survey targets 100 local residents, community leaders, and business owners, aiming to capture insights from those impacting city policy development.

Procedure

This study gathers qualitative and quantitative data using a mixed method approach, which includes surveys and questionnaires distributed to random residents and targeted community leadership groups, interviews conducted with key informants, and subject matter experts. The goal is to collect a minimum of 100 surveys and/or questionnaires and conduct at least ten key informant and subject matter experts' interviews within San Mateo County. The survey data will provide the quantitative data needed, and the interviews will produce both quantitative data (numerical data on budget/expenditures) and qualitative data.

Data Processing and Analysis

The research began with interview questions with subject matter experts that can be accomplished in person, via telephone, Zoom, and email. This interview focuses on obtaining an in-depth understanding of priority-based budgeting from these experts.   The collected data from surveys and questionnaires will be analyzed for both qualitative and quantitative data. The goal of the analysis is to gain answers to the main research question and sub-questions.

Internal and External Validity

As stated in the textbook, the internal validity of the study is" the extent to which a design provides evidence that a specific independent variable caused a change in a dependent variable." and the external validity of the study is "the extent to which a study produce evidence that the findings of a study apply to cases not in the study." (pg. 510 & 512). This study aims for high internal validity and the potential for external validity across various agencies.

Limitations

There are several issues that may affect both the internal and external validity of this study. The study is limited by factors outside of the researcher's control, such as the limited scope of residents who understand the budgeting process and what priority-based budgeting is about. How does the budgeting process help to meet the community's needs, provide flexibility to the administrator to fund the community programs, and result in transparency and accountability in allocating resources to achieve pre-determined deliverables? Given time constraints, involving all residents is impractical. The study's survey participation target might not represent the City's population accurately. Obtaining detailed insights from key stakeholders could prove challenging due to time, willingness, and confidentiality constraints.

Conclusion

In conclusion, this study uses a mixed-method approach to collect both qualitative and quantitative data. The survey, interview, and participant observation methods contribute to a holistic exploration of priority-based budgeting. Despite potential limitations, this research aims to enhance internal and external validity, with findings applicable to various agencies beyond the City of Burlingame.

Chapter 4: Results and Findings

Introduction

This research paper explores the impact of priority-based budgeting by using mixed - method data collection methodologies, which include qualitative and quantitative methods. Using predetermined questionnaires, interviews, and surveys, this research seeks to validate or challenge existing assumptions and inquiries.

The qualitative aspect of this study involved interviews with a panel of seven subject matter experts (SMEs), all of whom were current or retired Finance Officers from San Mateo County. These interviews were conducted via phone, Zoom, or in person between February 7 and February 25, 2024, which aimed to garner insights into the SMEs' perspectives on priority-based budgeting and the factors influencing its implementation within their respective organizations.

The quantitative segment of the research utilized the Pollfish survey tool on February 12, 2024. A total of 110 respondents from across the nation participated in the survey within a span of 20 minutes. Among the respondents, 73% demonstrated some level of familiarity with priority-based budgeting. Each survey question was analyzed individually to understand the results comprehensively.

Assumption One (A1)

If an agency implements priority-based budgeting, then it will be able to reflect the community's needs.

Quantitative Results – support for research question

The results from survey questions 2, 3, and 6 focused on the potential impact of priority-based budgeting on agency service delivery, equitable resource allocation, and responsiveness to community needs. Of the participants, 89.07% expressed confidence in the positive influence of priority-based budgeting on agency service delivery. Additionally, 6.01% of respondents acknowledged potential trade-offs between different services and programs, while 4.92% emphasized the importance of community involvement in the budgeting process. (see *Figure 1*)

How do you think Priority-based budgeting can potentially impact an agency's service delivery?
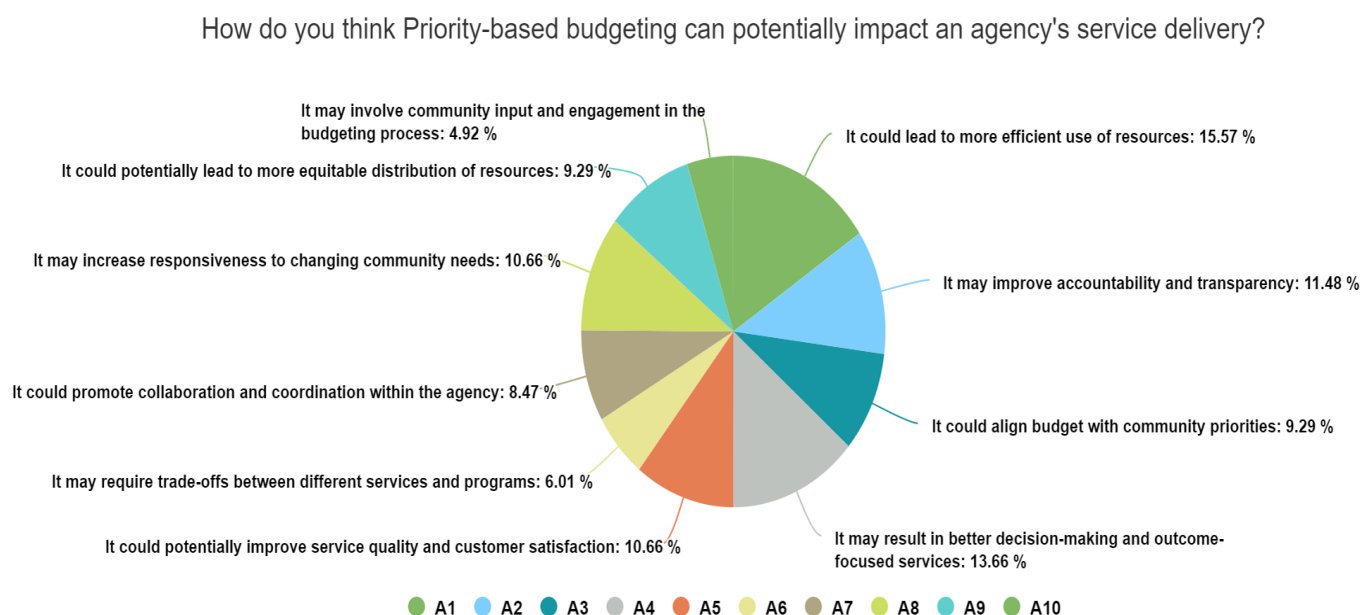
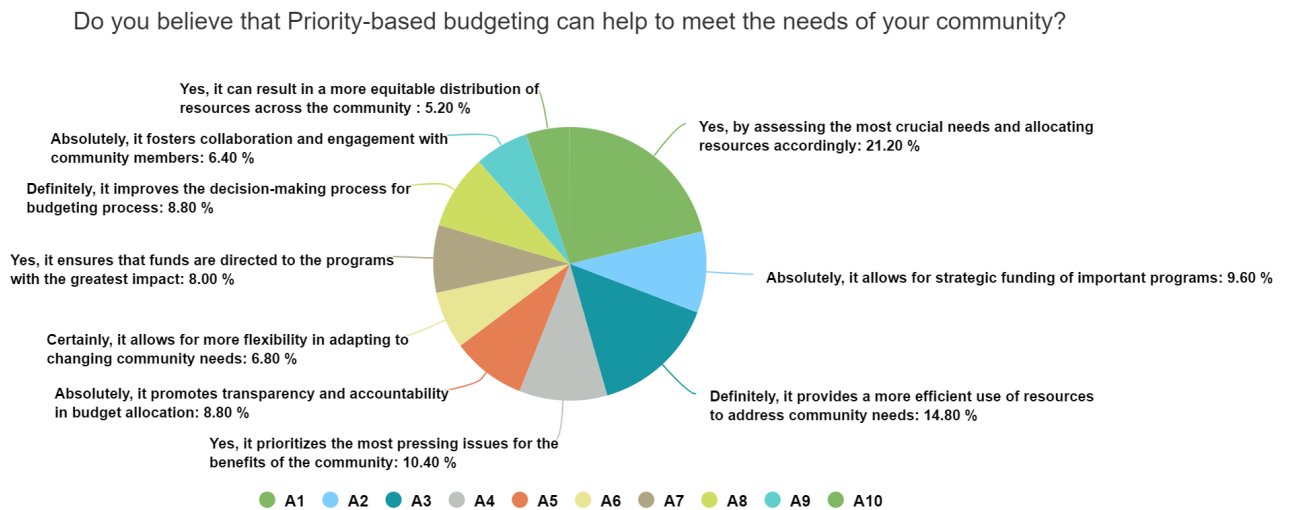*Figure 1 – Survey Question 2 Results*

Furthermore, Figure 2 illustrates that 72.73% of the respondents from the public survey either somewhat agree or strongly agree that priority-based budgeting constitutes a fair approach to resource distribution. In addressing the primary assumption, Figure 3 demonstrates that 100% of the survey participants agreed that priority-based budgeting can effectively meet the needs of

a community.
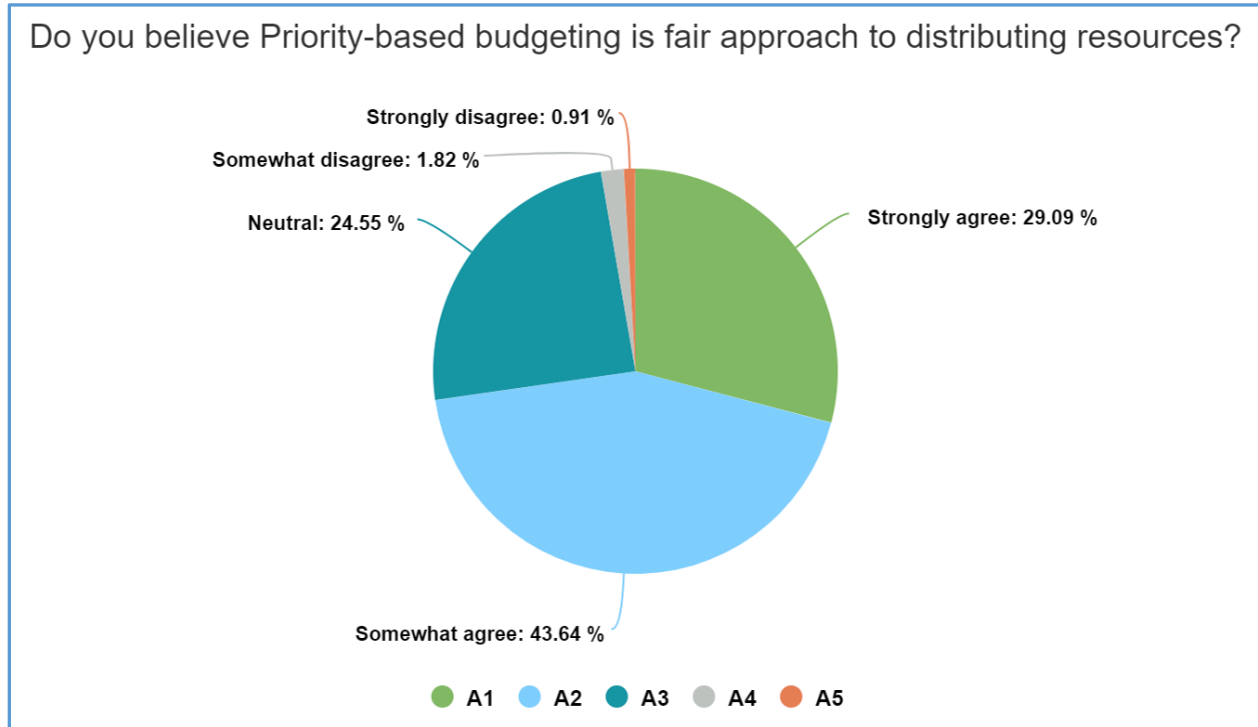
Figure 2 – Survey Question 3 Results

Figure 3 – Survey Question 6 Results

Qualitative Results

Seven subject matter experts were interviewed, each responding to five questions related to priority-based budgeting. Six of these SMEs currently hold positions as Finance Officers in San Mateo County, with the remaining individual retired from a local agency. All SMEs demonstrated familiarity with priority-based budgeting and its benefits. Notably, when asked whether they would support implementing a priority-based budgeting system in their agency or community, all SMEs acknowledged that their current budgeting models already incorporate some elements of priority-based budgeting. However, they expressed no immediate plans to transition to a fully-fledged priority-based budgeting system, except for the retired expert. Main challenges highlighted included time constraints, difficulties in engaging the community, and limited manpower.

Findings

The combined quantitative and qualitative results corroborate the assumption that priority-based budgeting can effectively address community needs. Notably, 100% of public survey respondents and SMEs expressed belief in the potential positive outcomes of priority-based budgeting for the community. Newton, P. & Kazenas, Kristin (2022) affirmed this finding, "priority-based budgetary process is to provide a framework for allocating resources to fit with the priorities and future needs identified by the community." (p. 4)

Assumption Two (A2)

If an agency implements priority-based budgeting, then it will give the agency's administrators greater flexibility to fund important community programs.

Quantitative Results – support for research question

In response to public survey question #4, "Do you think Priority-based budgeting will provide more flexibility to the City's administrator to fund the important programs of the community?" 69.09% of respondents either somewhat or strongly agreed that priority-based budgeting offers administrators more flexibility in funding community programs, with 26.36% expressing neutrality. (*see Figure 4*)
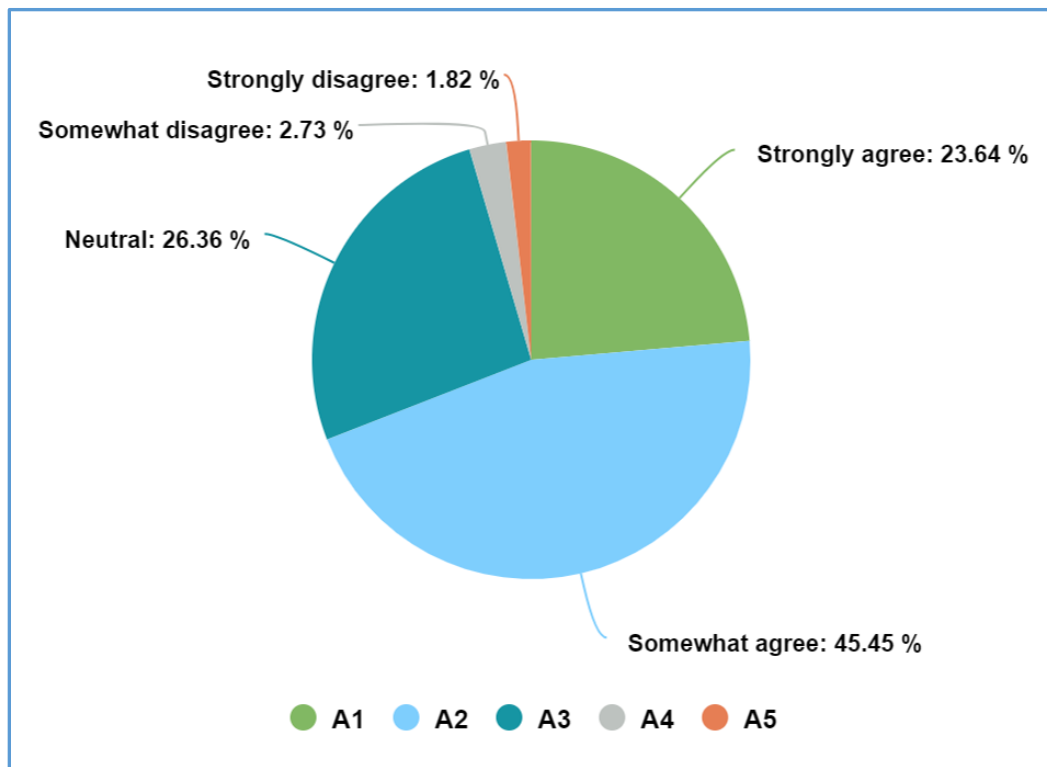
Figure 4 – Survey Question 4 Results

Qualitative Results:

In a targeted query to subject matter experts (SMEs), although SMEs unanimously agreed in theory that priority-based budgeting could offer administrators more flexibility to fund the programs, only one agency in San Mateo County has fully embraced this approach. Other agencies cited cost concerns and the belief that a full implementation of priority-based budgeting

is unnecessary, advocating for a hybrid model instead. Nonetheless, the majority of responses support the validity of this assumption.

Findings

The combined quantitative and qualitative findings support the notion that implementing priority-based budgeting can provide administrators with flexibility to fund important community programs. Duffy (1989) pointed out that PBB allows for greater flexibility to respond to changing environment. The public survey revealed that nearly 70% of respondents believe in the potential benefits of priority-based budgeting in this regard. Similarly, all interviewed SMEs agreed that priority-based budgeting could enhance operational capabilities once implemented, although with acknowledged challenges. An incremental step or hybrid model is preferred. The concept of a hybrid form of budgeting model was also introduced by Reddick, C.G. in his 2007 journal.

Assumption Three (A3)

If an agency implements priority-based budgeting, then it will result in greater transparency and accountability.

Quantitative Results

In response to public survey question #7, "Do you believe Priority-based budgeting will increase transparency and accountability?" 89.09% of respondents believe priority-based budgeting could potentially help or be worth trying to boost the transparency and accountability of an agency contingent upon circumstance. This finding supports the assumption that priority-based budgeting will result in greater transparency and accountability (*see Figure 5*).
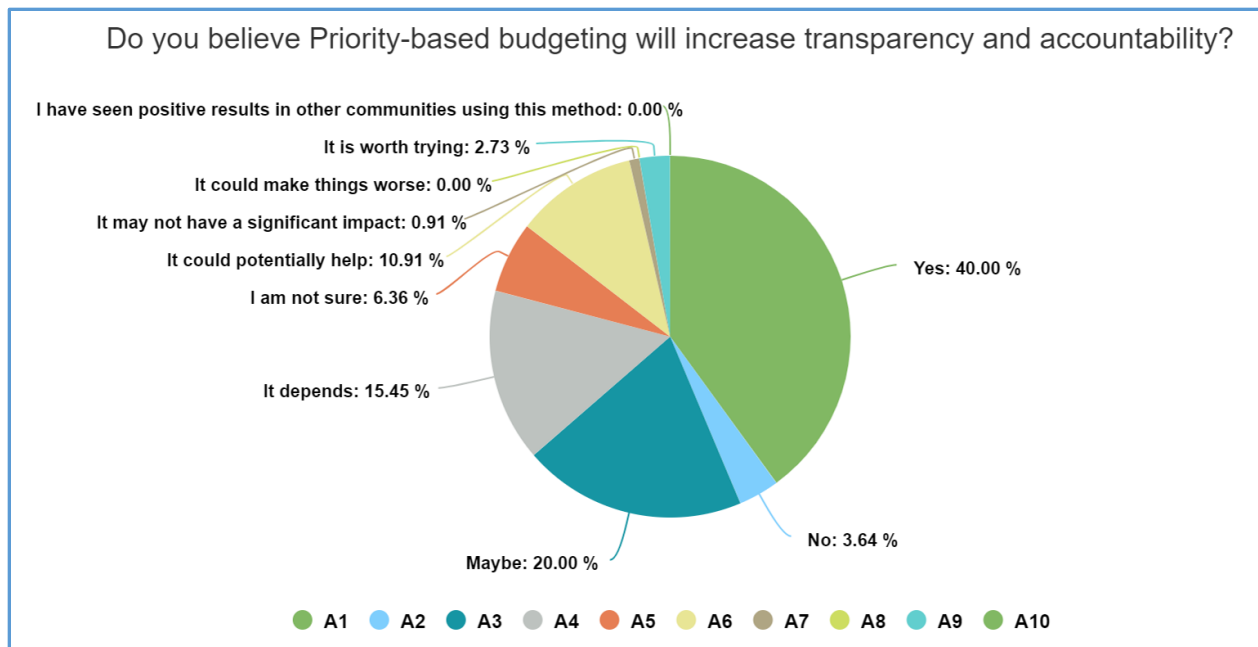
Figure 5 – Survey Question 7 Results

Qualitative Results

All SMEs believed implementing priority-based budgeting would positively impact an agency's transparency and accountability. They emphasized the importance of clearly outlining community priorities in budgeting to ensure transparency and accountability in service delivery. The majority result suggests this assumption's validity.

Findings

Both quantitative and qualitative findings provide robust support for the assumption that priority-based budgeting enhances transparency and accountability. The public survey results, particularly question #7, indicated a strong desire to utilize priority-based budgeting for this purpose, with 100% of SMEs affirming its potential to foster public trust and accountability in governance. Mitchell, S. W. 2014 reiterates that "PBB shared information to elevate public

discourse and understanding transparency and new forms of social accountability and responsiveness to citizens." (p. 53).

Summary

This research paper investigates the impact of priority-based budgeting through a mixed-method research (MMR) approach, combining quantitative surveys with qualitative interviews of SMEs. The findings overwhelmingly support the hypotheses that implementing priority-based budgeting can reflect community needs, offer administrators flexibility in funding programs, and enhance transparency and accountability. However, challenges such as cost consideration and the need for a gradual or hybrid approach were also acknowledged.

Chapter 5: Conclusions, Recommendations, and Areas of Further Research

Conclusions

In conclusion, this study aimed to assess the potential impact of priority-based budgeting on addressing community needs, providing administrative flexibility, and enhancing agency transparency and accountability. Through a combination of quantitative surveys and qualitative interviews with subject matter experts, the research findings shed light on the effectiveness of priority-based budgeting in addressing these key aspects.

The analysis of the first assumption revealed strong support for the notion that priority-based budgeting can effectively reflect the community's needs. Both quantitative survey results, where 89.07% of respondents expressed confidence in its efficiency, and qualitative feedback from subject matter experts corroborated this finding, although acknowledging practical challenges such as time constraints and resource limitations.

Moving to the second assumption, the study found that while there is a general belief in the potential for priority-based budgeting to offer greater flexibility to agency administrators, concerns regarding cost and resource constraints were also evident. A recommendation for a hybrid approach emerged from the qualitative data, indicating a nuanced understanding of the practical implications of implementing such a system.

Finally, regarding the third assumption, quantitative and qualitative data overwhelmingly supported the idea that priority-based budgeting can lead to enhanced transparency and accountability within agencies. With 89.09% of survey participants expressing confidence in its ability to achieve this goal and all the subject matter experts emphasizing its importance, the

findings underscored the transformative potential of prioritizing transparency and accountability in budgeting processes.

The comprehensive analysis presented in this research provides compelling evidence for the potential benefits of priority-based budgeting in addressing community needs, empowering administrators, and fostering transparency and accountability within agencies. While acknowledging the challenges inherent in its implementation, the findings underscore the importance of prioritizing strategies, informed by both quantitative insights and qualitative perspectives, that can contribute to more effective and responsive budgeting practices in the pursuit of public welfare and good governance.

Recommendations

Based on the results of this study, priority-based budgeting can help an agency to meet future community needs. Implementation requires thorough preparation. I present three recommendations for agencies considering adopting this model.

Recommendation 1: Secure Stakeholder Buy-In

Priority-based budgeting is a process that requires an agency's financial resources and staffing support. Before starting the process, always ensure there is an executive champion for the priority-based budgeting model. Top-level commitment is critical, and priority-based budgeting will not succeed without it. This commitment signals organizational alignment, fostering buy-in and culture change and unifying stakeholders around budget goals. Bland, R. L. (2007) emphasized, "The budget process is the one common thread that links the parts of the organization together." (p.3). With priority-based budgeting, an agency can link budgetary

requests to the organization's goals to align resources with results, aligning budgeting with community priorities.

Recommendation 2: Establish Strategic Priorities

An agency should involve all stakeholders to identify the core values of the community and establish a list of priorities to reflect organizational goals. Osborne and Plastrik (2000) stated, "It is a process for achieving agreement on the kind of future a community (neighborhood, town, county, region, state, province, or nation) wants to create for itself and a shared commitment to creating that future" (p. 4). Agencies should evaluate the agency's activities and programs against strategic objectives to adjust functions or work plans for expected outcomes.

Recommendation 3: Develop Performance Measures

The agency should develop performance measures that are results-oriented, relevant, reliable, accessible, and valuable for accountability with SMART objectives. Departments should submit budget requests at the program level. The request can be evaluated in terms of program and outcome. It allows program managers to have the flexibility to move resources around to be able to work more effectively and efficiently.

SMART criteria are provided below in Table 1 for each recommendation.

	Recommendation 1	Recommendation 2	Recommendation 3
Specific	Secure buy-in from all stakeholders, including elected officials, residents, business communities, agency administrators, and supporting staff through concerted efforts	Establish strategic priorities collaboratively within the community to guide service and program investment decisions that align with the community's core values.	Develop performance measures with SMART objectives that are results-oriented, relevant, reliable, accessible, and valuable for accountability.
Measurable	Measure community engagement steps, such as the number of public meetings, participation rates, response rate in engagement processes, etc.	Strategic priorities serve as an organizational roadmap aligning with community values.	Evaluate the efficiency and effectiveness of achieving measurement goals through various strategies like rating scales, self-evaluations, and peer reviews.
Achievable	Deploy multiple outreach channels like public meetings, interviews, and surveys for effective engagement.	Incorporate strategic priorities into short-term and long-term budget planning during the initial stages of budget development.	Set clear organizational goals, involve staff in creating measurements, collect performance data from surveys and reviews.
Relevant	Stakeholder buy-in promotes community engagement and aligns resources with the community's priorities.	Align agency values and priorities with available resources.	Emphasize outcome and accountability in performance measures.
Time-bound	Ensure complete stakeholder buy-in efforts before program implementation.	Establish strategic priorities at the outset of each budget development cycle, ensuring they are achievable within one to five years.	Evaluate performance measures regularly. At least once a year during the annual budget process.

Areas for Further Research

      While the study offers a foundation for priority-based budgeting implementation, further research is crucial. Key areas include:

a)   **Cost-Benefit Analysis:** Conduct a comprehensive cost-benefit analysis to assess the financial implications against the benefits of priority-based budgeting in meeting community needs and enhancing accountability.

b)   **Long-Term Impact Assessment:** Evaluate long-term outcomes to ascertain sustained benefits and accountability measures' consistency post-implementation

      Priority-based budgeting is a vital organizational management tool to enhance efficiency, effectiveness, and accountability. This study provides a framework for agencies to address community needs and achieve transparency and accountability, with potential applicability across various governmental levels.

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Appendix A

Survey/Questionnaire

1. Are you familiar with priority-based budgeting?

    a. I am not familiar with priority-based budgeting.

    b. I have a basic understanding of priority-based budgeting.

    c. I have a good understanding of priority-based budgeting.

    d. I am very knowledgeable about priority-based budgeting.

    e. I have some experience with priority-based budgeting.

2. How do you think priority-based budgeting can potentially impact an agency's service delivery?

    a. It could lead to more efficient use of resources.

    b. It may improve accountability and transparency.

    c. It could align the budget with community priorities.

    d. It may result in better decision-making and outcome-focused services.

    e. It could potentially improve service quality and customer satisfaction.

    f. It may require trade-offs between different services and programs.

    g. It could promote collaboration and coordination within the agency.

    h. It may increase responsiveness to changing community needs.

    i. It could potentially lead to a more equitable distribution of resources.

    j. It may involve community input and engagement in the budgeting process.

3. Do you believe priority-based budgeting is a fair approach to distrusting resources?

    a. Strongly agree.

    b. Somewhat agree.

    c. Neutral

    d. Somewhat disagree.

    e. Strongly disagree.

4. Do you think priority-based budgeting will provide some flexibility to the City's administrator to fund the important programs of the community?

    a. Strongly agree.

    b. Somewhat agree.

    c. Neutral

    d. Somewhat disagree.

    e. Strongly disagree.

5. In your opinion, how transparent is priority-based budgeting in comparison to traditional budgeting methods?

    a. More transparent

    b. Less transparent

    c. About the same level of transparency

    d. I am not familiar with priority-based budgeting.

    e. It depends on the agency's implementation.

    f. Not sure, need more information.

    g. Completely transparent

    h. Not transparent enough

    i. Transparency varies across different agencies.

    j. I do not see a significant difference in transparency.

6. Do you believe that priority-based budgeting can help meet your community's needs?

    a. Yes, by assessing the most crucial needs and allocating resources accordingly.

    b. Absolutely, it allows for strategic funding of important programs.

    c. Definitely, it provides a more efficient use of resources to address community needs.

    d. Yes, it prioritizes the most pressing issues for the benefit of the community.

    e. Absolutely, it promotes transparency and accountability in budget allocation.

    f. Certainly, it allows for more flexibility in adapting to changing community needs.

    g. Yes, it ensures that funds are directed to the programs with the greatest impact.

    h. Definitely, it improves the decision-making process for the budgeting process.

    i. Absolutely, it fosters collaboration and engagement with community members.

    j. Yes, it can result in a more equitable distribution of resources across the community.

7. Do you believe priority-based budgeting will increase transparency and accountability?

    a. Yes

    b. No

    c. Maybe

    d. It depends.

    e. I am not sure.

    f. It could potentially help.

    g. It may not have a significant impact.

    h. It could make things worse.

    i. It is worth trying.

    j. I have seen positive results in other communities using this method.

8. How beneficial would it be to have a clear list of community priorities in the budgeting process?

    a. Extremely beneficial

    b. Moderately beneficial

    c. Somewhat beneficial

    d. Not very beneficial

    e. Not at all beneficial

9. Would you support implementing a priority-based budgeting system in your community?

    a. Yes

    b. No

    c. Maybe

    d. Not sure

    e. It depends.

    f. I need more information.

    g. I believe it would be beneficial.

    h. I think it could work.

10. What is the reason why you do not support the priority-based budgeting model? Check all that apply.
    a. Too time consuming.

    b. Hard to allocate resources effectively.

    c. Difficult to get the community engaged.

    d. Challenging to prioritize goals.

    e. Not necessary

Interview Questions

1. What is your understanding of priority-based budgeting?

2. Do you believe priority-based budgeting will help an agency meet the community's needs better? How?

3. Do you believe priority-based budgeting will provide more flexibility to the management to fund important programs? How?

4. Will priority-based budgeting help with accountability and transparency for an agency? How?

5. Are you considering it if you are not currently using a priority-based budgeting model?

6. Any other ideas or thoughts that you want to share?

Appendix B

Gantt Chart – Priority-based Budgeting

Tasks	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
Reading and Research	███							
Final Survey and Interview Questions	███							
Create Data and Collection Tools		███						
Distribute Surveys		███	███					
Interview Focus Group			███	███				
Receive Survey and Interview Responses				███	███			
Survey and Interview Analysis					███	███	███	
Present Results								███