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Overarching Themes

Public budgeting is multidimensional — political, economic, administrative, and managerial. No single theory explains it all. Multiple models are needed to capture its complexity.

Theories & Models

1. Incrementalism
2. the bureaucratic model
3. the portfolio model
4. The principal agent model
5. The agency mission model
6. Outcome budgeting
7. entrepreneurial budgeting

Budget Theory In The Public Sector

Power struggle between executive and legislative branches

Judicial interpretation of budget authority (separation of powers)

Traditional Perspectives

Three main approaches are identified:

1. economics (efficiency & marginal utility)
2. Politics (Incrementalism)
3. Management (performance measurement & efficiency)

- resource allocation
- Income redistribution
- economic stabilization

Foundations

Public budget Theory began with V.O Key (1940) Critique of the "Lack of a budgetary theory". Budgets serve three main functions: