

Syllabus
Federal Budgeting: Policy and Process
Professor Kenneth Apfel
Spring 2007

Course Number: **PUAF717**
Classroom: **1107-VMH**
Class Time: **Monday: 1:30 - 4:00**
Office: **2202K Van Munching Hall**
Office Hours: **Tuesday, 1:00-4:00 PM**
Office Telephone: **(301) 314-2485**
E-mail: **kapfel@umd.edu**

Course Description:

This course focuses on the federal budget process and federal budget policy. The federal budget, which allocates about a fifth of all goods and services in the economy, is a central economic, political and managerial instrument of American governance. Understanding the budget process is essential to people whose careers will bring them into contact with the federal government.

.The course will follow the federal budget process through its various stages, focusing on the institutional, political and managerial challenges at each stage. We will also use the course as a window of opportunity to discuss contemporary budget issues and challenges facing the nation.

The course requires extensive reading and class preparation as well as a very high level of participation in class. Student assessment will be based on class participation, short written assignments, two ten page papers, an oral presentation and a team presentation. There are no tests or examinations.

Readings:

The following two books are required reading for the course:

--- *The Federal Budget: Politics, Policy and Process*, by Allen Schick. Brookings Institution Press, 2000. This book is referred to as **AS** in the syllabus.

--- *Restoring Fiscal Sanity*, by Alice Rivlin and Isabel Sawhill. Brookings Institution Press, 2005. This book is referred to as **R&S** in the syllabus.

All additional readings for the course will be available on *blackboard* or will be available *on line*.

Student Responsibilities and Assessment

My assessment will be based on class participation, short and long written assignments and oral presentations. I will be using the +/- grade system. After a few weeks, the class will decide on the relative importance of the various assignments for the purposes of grading (see below).

One-page memos: Individuals will develop a memo on a selected issue area relating to the President's FY 2008 budget (due week #3) and two memos on the budget of an agency (due week #6 and week #14).

Team presentation: The class will be divided into several teams to lead class discussions on various topics. Teams will also submit two page memos on their topics to classmates. Teams will be graded on the content of their presentations and the degree of class involvement in the topics.

Agency budget analysis: In lieu of a final examination, each student will write two ten page studies of budgeting in a federal department or agency. We will be discussing these papers over the course of the semester. Each student will make an oral presentation on their paper topics at the end of the semester. A description of the agency topic must be approved by me by week #3 of the semester.

Class participation: Overall class participation will be part of my assessment. Students must prepare for class and actively participate during class. Downward adjustments may be made in grades of students who miss a significant number of classes or fail to actively participate in discussion.

My proposal for assessment:

Your proposal:

• One page memos	15%	%
• Team presentation*	20%	%
• Agency budget analysis**	50%	%
• Overall class participation	15%	%

*Team presentations to be assessed half for oral presentation and half for written presentation.

**Agency Budget Analysis to be assessed one third for the oral presentation and two thirds for the two papers.

Policy on Scholastic Dishonesty: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at

Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit <http://www.shc.umd.edu>.

Useful Government Websites

There are a number of worthwhile government web sites that contain useful information on federal budgeting. These include:

- Office of Management and Budget: www.whitehouse.gov/omb
- Congressional Budget Office: www.cbo.gov
- Government Accountability Office: www.gao.gov
- Library of Congress: www.thomas.gov
- Senate Appropriations Committee: www.senate.gov/~appropriations
- House Appropriations Committee: www.house.gov/appropriations
- Senate Budget Committee: www.senate.gov/~budget
- House Budget Committee: www.house.gov/budget

In addition, the American Association for Budget and Program Analysts, the main membership organization for federal budgeting professionals, has a good web site with many links, including many to agency budget offices: www.aabpa.org

Class Schedule and Assignments

1): January 29: Budgets as an instrument of public policy

General introductions, overview of course and discussion of syllabus and grading. Identification of team assignments. Discussion of the readings listed below (be sure to read these before our first class). *[FYI, for students who have not yet purchased the Schick textbook, I have placed Schick's Chapter 1 (and the other readings) on **blackboard** for your review.]*

Readings:

- **AS:** Chapter 1, "Conflict and Resolution in Federal Budgeting"
- Nice: "The Nature of Public Budgeting" from *Public Budgeting*, Thompson Learning, 2002
- Behn: "Big Cuts, Big Pain" *Governing Magazine*, April 2001

2) February 5: Historical evolution

An examination of the evolution of the federal budget *process*. Historical federal budget *outcomes* -- from surpluses to deficits to surpluses to deficits. Long term projections on federal spending/taxes.

Readings:

- **AS:** Chapter 2, "The Evolution of Federal Budgeting"
- Wildavsky: "Budgets as Struggles for Power: A Historical Perspective" pp.25-41, from *The New Politics of the Budgetary Process*, Pearson Longman Publishers, 2003
- Schick: "The Road to PPB: The Stages of Budget Reform" from *Public Administration Review*, 1966 (skim)
- Joyce: "Budgeting during the Clinton Presidency" from *Public Budgeting and Finance*, Spring 2001 (skim)
- Joyce: "Federal Budgeting after September 11th" from *Public Budgeting and Finance*, Spring 2005 (skim)
- **R&S:** "Dimensions of the Budget Problem" by Rivlin and Penner
- **AS:** "Baseline Projections", pp. 56-60
- CBO: "The Budget Outlook" Chapter #1 from *The Budget and Economic Outlook FY2008-17*, available on line (quick skim)

3) February 12: The FY 2008 President's Budget

An examination of the FY08 President's budget, which will be released to the public early in February. Each student will prepare a one page memo examining the federal budget in one particular functional area that I will assign to you. Your memo is from you, the budget staff person to a newly elected *moderate* member of congress. Memos are to be submitted to me by email (kapfel@umd.edu) in advance of the class meeting. We will discuss memos in class.

Readings:

- Krumbhaar: "Surfing the Federal Budget" 2006 (skim)
- President's Budget (available on line)
- House and Senate Budget Committees: "Analysis of the President's FY08 Budget" (both Democratic *and* Republican reports) available on line
- Agency budget press releases (available on line)

4) February 19: Budget preparation and presidential budgeting

An examination of the agency budget formulation process, including OMB review of agency requests and the formulation of the president's budget.

Budget terms and definitions. Team presentation #1 on federal deficits: do they matter?

Readings:

- **AS:** Chapter 5, "The President's Budget"
- **AS:** Chapter 3, "The Budget's Shifting Boundaries" (skim)
- OMB: "Circular A-11", Part 2, pp. ___ - ___, available on line at www.omb.gov
- White: "Examining Budgets for Chief Executives", from Meyers (Ed.) *Handbook of Government Budgeting*, 1998
- Hecl: "OMB and the Presidency: the Problem of Neutral Competence"
- **Federal deficits** reading packet

5) February 26: Presidential budgeting (continued) and the congressional budget process

The President's budget in Congress. Presidential/congressional roles. Overview of the congressional budget process, including the reconciliation process.

Readings:

- **AS:** Chapter 6, "The Congressional Budget Process"
- Saturno: "The Congressional Budget Process: a Brief Overview" CRS Report, 2004 (skim)
- House Budget Committee: "Basics of the Budget Process" 2001 (optional)
- Fischer: "Federal Budget Doldrums: The Vacuum in Presidential Leadership", from *Public Administration Review*, November 1990
- Doyle: "Congress, the Deficit, and Budget Reconciliation" from *Public Budgeting and Finance*, Winter, 1996 (skim)
- Dauster: "The Monster That Ate The US Senate" from *Public Budgeting and Finance*, Summer 1998

6) March 5: The congressional budget process (continued)

Discussion of the authorization/appropriations process. First paper due on this date. Students should prepare one page memos of your major findings and submit them to me by email (kapfel@umd.edu) in advance of the class meeting. Team presentation #2 on line item veto.

Readings:

- **AS:** Chapters 8 & 9, "Authorizing Legislation" & "The Appropriations Process"

- Leloup: “Appropriations Politics in Congress: The House Appropriations Committee and the Executive Agencies” from *Public Budgeting and Finance*, Winter, 1984 (includes excerpts from Richard Fenno).
- Johnson: “The OMB Budget Examiner and the Congressional Budget Process”, from *Public Budgeting and Finance*, Spring 1989
- Meyers: “Late Appropriations and Government Shutdowns” from *Public Budgeting and Finance*, Fall, 1997 (skim pp.25-30; optional pp. 30-35)
- **Line item veto** reading packet

7) March 12: Big budget challenge #1: Social Security (and an overview on entitlements)

Overview of entitlements, with focus on Social Security. Alternative accounting mechanisms to be discussed, as well as policy options. Team presentation #3 on generational accounting.

Readings:

- Wildavsky: “Entitlements” pp.123-151 (except health sections, which should be read for next week) from *The New Politics of the Budgetary Process*, Pearson Longman Publishers, 2003
- CBO: “Implications of Demographic Changes for the Budget and the Economy” May 19, 2005 (skim)
- SSA: “Social Security Trustees Report for 2006”, available on line at www.ssa.gov (skim)
- Jackson: “It’s Even Worse Than You Think” NY Times OPED, 2003
- Apfel and Littlefield: “Assessing Social Security’s Past, Present and Future” from *The Future of Social Security*, University of Texas, forthcoming (skim last half)
- **R&S:** Chapter 3 “Social Security” by Orszag and Shoven
- **Generational accounting** reading packet

8) March 26: Big budget challenge #2: health

An examination of the biggest driver in the federal budget: health care. An examination of the evolution of federal health spending (including health entitlements and health tax expenditures). Options for the future.

Readings:

- Wildavsky: health sections from last week’s readings
- SSA: “Social Security Trustees Report for 2006” (Medicare sections) available on line at www.ssa.gov (skim)

- McClanahan & Apfel "Assessing Medicare's Past, Present and Future", from *The Future of Health Insurance for Older Americans*, University of Texas, 2006 (skim last half)
- Howard: "Sizing Up the Hidden Welfare State", *The Hidden Welfare State*, pp 17-39, Princeton University Press, 1997
- Hacker: "American Exceptionalism Revisited" , pp.5-27 (skim) and "Public and Private Health Insurance After 1945", pp 221-269 (optional), from *The Divided Welfare State*, Cambridge Press 2002
- **R&S:** Chapter 4, "Health" by Aaron and Meyer

9) April 2: Big budget challenge #3: tax policy

Overview of US tax policy, including recent historical developments. Discussion of tax options for the future.

Readings:

- Stuerle: "Tax Policy's Principles and Principals" from *Contemporary US Tax Policy*, Urban Institute Press, 2004
- CBO: "The Revenue Outlook" Chapter #4 from *The Budget and Economic Outlook: FY 2008-17* available on line
- **AS:** Chapter 7 "Revenue Legislation"
- **R&S:** "Tax Policy Solutions" by Gale and Stuerle

10) April 9: Budget execution

The implementation stage of federal budgeting – managing agency finances and assessing results. Discussion of performance-based management at the federal level. Team presentation #4 on PART.

Readings:

- **AS:** Chapter 10, "Managing Federal Expenditures"
- Lee, Johnson & Joyce: "Budget Execution", from *Public Budgeting Systems*, 7th Edition, Jones and Bartlett Publishers (skim)
- Lee, Johnson & Joyce: "Use of Budget Techniques", pp 126-137 (readings on NPR, GPRA, PART, etc.), from *Public Budgeting Systems*, 7th Edition, Jones and Bartlett Publishers
- Joyce: "Linking Performance and Budgeting", pp._____, www.businessofgovernment.com/pdfs/joyce.report.pdf
- Mullen: "Performance-Based Budgeting: The Contribution of the PART", from *Public Budgeting and Finance*, Winter, 2006
- **PART** reading packet

11) April 16: The future: budget process reforms

Team presentations #5 and #6 on Balanced Budget Amendment and on Taxpayer Bill of Rights (TABOR) Limits. Discussion of other budget process and budget office reforms.

Readings:

- **AS:** Chapter 11: “The Self Correcting Budget Process”
- Schick: “Can the US Government Live within its Means?” Brookings Institution, 2005
- MacGuineas: “Congress’s Role in Federal Financial Management” Committee for a Responsible Federal Budget, 2006 (optional)
- Schick: “The Changing Role of the Central Budget Office” (focus on the executive summary) OECD Working Paper, Vol. 5 #56, 1997
- **TABOR** reading packet
- **Balanced Budget Amendment** reading packet

12) April 23: The future: budget policy reforms

An examination of key budget options for the future. Policy and political dimensions will be discussed.

Readings

- **R&S:** Chapters 2 &6: “The Size and Role of Government” by Rivlin and Sawhill and “The Politics of Deficit Reduction” by Sawhill and Haskins
- CBO: “Comparing Budget and Accounting Measures of the Federal Government’s Fiscal Condition” December 2006
- And more reading items as events unfold!

13) April 30: First week of student presentations

Students will make oral presentations on their agency/program budget studies. About a third of the presentation should be focused on the content of the first paper, and two thirds on the content of the second paper (agency/program performance). Your presentations will be made to me (the Director of OMB) and to my senior staff (your fellow students). Include your recommendations for future funding and improvements in performance. Be prepared for questions from the audience.

14) May 7: Student presentations conclude; course wrap-up

The papers and the one pagers are due close of business May 9th.