

**EASTERN MICHIGAN UNIVERSITY
DEPARTMENT OF POLITICAL SCIENCE**

**INTRODUCTION TO GOVERNMENT BUDGETING
PLSC 540, WINTER 2004**

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Office Hours: M-W 9 a.m.-Noon
M 6:00 - 7:00 p.m.
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OBJECTIVES

This is the first of a required two-course sequence in budgeting in the MPA program. It presumes a familiarity with governmental structures and processes in this country, including the role of public administration therein, but only a limited background in accounting, economics, public finance or public budgeting. Students who have had an introductory course in public administration are no doubt familiar with the topic in a general way, and all students may benefit from a cursory glance at any introductory public administration text to get a feel for the subject matter as a whole, especially if it has been some time since you have had an introductory course.

Specific course objectives include:

1. To explain the background and development of public budgeting;
2. To understand the impact of the economy on public budgets as well as the impact of budgets on the economy;
3. To identify different “perspectives” on and describe different approaches to “doing” budgeting;
4. To determine the characteristics of a “good” public revenue system;
5. To examine the political context of budgeting, including actors, roles and strategies; and
6. To link theory and practice in public budgeting through the use of exercises and cases.

FORMAT

The class will follow the outline below, recognizing the need for flexibility. Assigned readings should be completed prior to class since a lecture/discussion format will be used, including liberal use of discussion questions, in-class exercises and brief papers designed to stimulate thinking about and understanding of the budget process. Handouts are included in the Coursepack to help you organize your reading and thinking.

GRADING

Grading will be based on two take-home examinations (40% Midterm and 50% Final) and class discussion (10%). Exams are intended to measure mastery of terminology and concepts as well as ability to analyze, integrate, develop and apply ideas drawn from course materials (lectures and readings). Class attendance is expected, and exams are due as noted in the outline; late papers will be accepted only for “cause”.

REQUIRED READING

The text, a new edition from last academic year, is available at Mike’s Bookstore.

Lee, Johnson and Joyce, Public Budgeting Systems, 7th Edition

There is a wealth of literature on this subject, although much of it is focused almost exclusively on the national government. I will be providing a number of handouts throughout the term to take advantage of some of this specialized literature, and for those interested in additional readings, I will be happy to suggest some titles and provide materials from my personal library. Several "classic" articles on budgeting are also included in the Shafritz and Hyde anthology used in some PLSC 510 classes.

OUTLINE

<u>Date</u>	<u>Topic and Assignment</u>
1/5	Instructor and student introductions; course requirements; budget decision-making--the issues, the process, the challenges.
1/12-26	Public budgeting--concepts, process and products; issues in public budgeting; what constitutes “good” budgeting? The evolution of public budgeting. Lee, Johnson and Joyce 1; “How to Read a Budget”; White, “Making Common Sense of Federal Budgeting.” Handout #1.
1/19	No Class—Martin Luther King Day
2/2-9	The context of budgeting; economic considerations—a public finance primer. Lee, Johnson and Joyce 2, 15; Handout #2.
2/16	The context of budgeting--governmental, legal, political and social. Lee, Johnson and Joyce 3.
2/23	Winter Break – No Class
3/1	Budget choices, budget behavior - roles, multiple perspectives, strategies. Wildavsky, “The Budgetary Process.” Handout #3.

- 3/8 MIDTERM EXAM DUE
- 3/8 The revenue side of the budget; what constitutes a good revenue system? Forecasting the economy and projecting revenues. Lee, Johnson and Joyce 4; Handout #4.
- 3/15-22 Budget preparation; top-down budgeting; executive pre-preparation and departmental preparation of estimates; role of the central budget office; forms and procedures for review; budget reforms-- performance, program, PPBS, ZBB. Lee, Johnson and Joyce 5-6; Schick, "The Road to PPB: The Stages of Budget Reform." Handout #5.
- 3/29-4/5 Legislative review and approval at all levels of government; purposes, processes, products; recent legislative reforms at the national level. Lee, Johnson and Joyce 8-9; Handout #6.
- 4/12 The future of public budgeting. Lee and Johnson, Concluding Remarks.
- 4/19 FINAL EXAM DUE

FYI

The second two credit course in the two-course budget sequence, PLSC 615, offered on Monday and Wednesday 5:15 to 7:05 p.m. during the spring term, will utilize the same text and take up the following topics:

Budget execution; purposes, processes, discretion; cash management; financial reporting.

Accounting and management information systems; fund accounting concepts; audits and evaluation.

Rational analysis; estimating revenues and expenditures, analytical and forecasting techniques; productivity and benefit-cost analysis; the politics of analysis.