

## Syllabus PSPA 564 Summer 2004 Politics of Budgeting

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Office hours: not yet set up, depending on your convenience, by arrangement, available by email nearly all the time.

This course deals with the interface between politics and budgeting. The material includes federal, state, and local budgeting, and some intergovernmental relations, but has a somewhat heavier slant toward the local level. It begins with an overview of the topic, explaining why budgeting is political, and then surveys the major areas where politics and budgeting intersect. The rest of the course deals with more detailed reading on different narrower topics, including contracting, unfunded mandates, and staffing levels. The following books have been ordered at the bookstore and may also be available at the village commons bookstore. Rubin, *Politics of public budgeting*, fourth edition; Rubin, *Class Tax and Power*; Posner, *the Politics of Unfunded Mandates*; Cooper, *Governing by Contract*, and Light, *The True Size of Government*. If you have trouble finding any of the books, please let me know as soon as possible.

Students are required to do the course reading in a timely manner. **YOU MUST DO THE READING BEFORE THE DAY ON WHICH IT IS DUE** or we will not be able to discuss it in class. If you cannot read it all carefully, read at least some of it carefully and skim the rest so you know what it is about. The course requires a term paper **BASED ON ORIGINAL RESEARCH**, though you may do some library reading to give you some context. Two suggested topics are contracting out (with the private sector, with other governmental units, or with non profits) and incentives for economic development, including but not limited to tax breaks. If students choose contracting, they can pick an individual long-term contract and trace its history, as best they can, from its origins (why was the original contract let, what were the motivations or hopes based on the decision to contract out) to features of the contract, (its inclusiveness, the ability to pass on price increases to the city without renegotiation, who deals with citizen complaints,) monitoring (who monitors the contract, what experiences has the jurisdiction had with contract implementation, what kind of feedback does the jurisdiction get, and does the contractor get, what kinds of improvements are made in the contract from one time to the next), how learning and experience are passed on from one contractor to the next, whether the contract goes out for bid after the first or second time, or whether

the jurisdiction becomes so dependent on the contractor that it accepts whatever provisions the contractor wishes to put in. If students choose economic development incentives, they can examine particular projects to see what kind of incentives were offered, how much they cost, what the jurisdiction expected to get in exchange for the incentives, and what the jurisdiction has actually received, and if there was any follow through to see if the jurisdiction got what it paid for. Students whose main interest is in the non profits might want to phrase the research topics a little differently, as might students whose interest is primarily at the state or national level or whose interest is in another country. Please get your particular paper approved by me before starting, and keep in touch with me during the term as you do your work, so I know what you are doing on it at all times and can get you out of a jam if you get into one. Particularly for students whose interest is in another country, the availability of sources is critical, you cannot wait until the end of the term to see if you can find the materials to do the paper. Given the condensed schedule of classes you have to pick a topic very quickly, as soon as you have read the Politics of Public Budgeting book.

Papers are due the Monday of the Week *before* final examination. Earlier is acceptable. I will go over drafts of the paper with you if you get them to me in time to return them to you and for you to make changes in them. You may format the papers any way you wish. You must outline your papers before you write, and provide solid evidence for every conclusion you draw. The papers should be no more than 10-15 pages. These papers should be based primarily on primary documents, on systematic observations, and on interviews. Be sure to cite any sources you use, whether you quote directly from them or not. If you have not had prior experience with interviewing, please do not try to interview people for this paper without talking to me first about how to do it and what questions you can ask and which ones won't work very well. We will talk in class about appropriate research techniques and how to use them.

The grade will be based on a midterm exam, the final exam, and the paper. The midterm is worth 20 percent, the final and paper are worth 35 percent each, and classroom participation is worth 10 percent. Good classroom participation requires students to do the reading before the day it is due, be able to summarize and discuss the reading each time the class meets. We will stick to the syllabus as closely as possible. Students will receive letter grades on their work in which an A is worth ten points, and A- is worth 9, a B+ is worth 8, etc. These grades are multiplied by their weights and then added up. So a B+ on the midterm would be worth  $.2 * 8$ . An A on the paper would be worth  $.35 * 10$ . Since the class meetings

are so long, on exam days, the class will have a regular meeting, of which half will be devoted to the exam, the rest to lecture and discussion.

All students are required to have an active email account, and check it regularly, and to have and use internet access and a web browser. If you don't have access at work or at home, you can use the lab in the IASBO building, but you will need to check your accounts regularly, since I may send you some readings on the topics we have on the syllabus via email. These are documents and stories I have downloaded from the net. In other cases I may give you a website address (URL) and you will have to download the file yourself. If you don't already have a recent version of Adobe Acrobat on your computer, you might want to download this software. It is free, and very useful. If for some reason you can't do this (it is not hard) have a friend or colleague download the document for you and print it off in hard copy form. Feel free to email me with any questions you might have; as long as I am not out of town, I check my email regularly and will get back to you usually in the same day and often within hours of your inquiry.

Do not be intimidated by the amount of reading. You need to read the main text, *Politics of Public Budgeting*, very carefully and in detail, but for the rest of the reading, you don't have to read every word on every page. You should **try** to read the whole book or article to see what it is about, why it is included on this syllabus, and read it in enough depth to be able to talk about it in class. I suspect the reading will lure you in and you will in fact want to read it all, taking it with you to read in spare moments. You might want to make outlines of what you have read, to remind you of key points when we discuss them in class. Feel free to discuss the reading with each other before class, in person or via email.

Some of the reading has opinions in it; I may express opinions in class and so may you. I will not hold you responsible for my opinions and you should feel free to disagree with my opinions or any opinions you find in the reading. You need to support your point of view with good evidence and strong reasoning, but you do not have to accept any opinions which do not have such backing. I do not grade on what your opinions are, but how well you defend them.

## Syllabus

May 24 Overview, What does politics mean in the context of budgeting? as political choice. Hidden and open portions of the budget, the importance of what isn't there. Pork. Machines and reform regimes and budgeting. Corruption.

Overview and introduction of Politics of taxation, budgetary process, Expenditures.

Students Read for next time, Rubin, The Politics of the Budgetary Process, Chapters 1-5

Also, please look at <http://www.ctj.org/pdf/earnpr.pdf>. It is on the Citizens for Tax Justice Web site, if you cannot find it easily by clicking on the entire address, then go to the website, and then click on the article about fat cats. This is not neutral reporting, it is slanted toward working people, but the underlying argument and reporting is accurate. The estimates on underreporting of investment income could be over or under the real figures, however. (This is a very brief piece). Also, please look at <http://www.itepnet.org/wp2000/pr.pdf>. This summary of a longer study (feel free to look at the longer study if you wish) describes the level and sources of regressivity of state and local taxes and the direction of change over the past decade. This study, done in 2003, details the increased burdens of taxation on the poor compared to the well to do at the state and local level. Also short, this piece will bring some of the text book discussion to life.

June 7 Discussion of Chapters 1-5 and the web reading assignment. Introduction of Politics of Budgetary Balance, Implementation, Accountability, Transparency and Control.

Students read PPB, chapters 6-9

June 14 Discussion of Chapters 6-9. Introduction of Class Tax and Power. The historical and comparative method. Why budgeters should know some history, why political scientists should know some budgeting. The relationship between form of government and budget process and outcomes. Budget Reforms, what are they? what are they intended to accomplish? For whom?

Students Read CTP chapters 1-5.

June 21 Midterm exam. Discussion of CTP, first half of book. Tax Revolts and tax limitation movements, causes, consequences, who leads them, for what purpose? There is a huge literature on tax and expenditure limitations, much of it estimating the impacts of such limits.

Students read for next time, CTP chapters 6-9.

June 28 Discussion of Class Tax and Power continued. The relationship between class, homeownership, and taxes, over time. Themes from PPB applied to CTP, what are the themes from PPB that apply to CTP; are there any modifications or corrections to PPB that result from a reading of ctp? Introduction to IGR, state oversight (from ctp); the federal structure in the US; the role and autonomy of local governments; who performs the oversight function; grants and mandates. Unfunded mandates, a perversion of the system? dictating priorities.

Students read for next time: Posner, The Politics of Unfunded Mandates. You can skim the cases, (feel free to read them in more detail if you are particularly interested in the subject area) and pay attention to the conclusions and analysis.

July 12 Discussion of the Politics of Unfunded Mandates. The current status of mandates from the federal level--how and why did unfunded mandates get curtailed?. What is happening with mandates from the state level? what is your experience? how are unfunded mandates costs estimated, and by whom? are these numbers real? useful? what does that tell you about a) policy analysis, and b) budget numbers? Introduction of politics of staffing levels and salaries. Budget as a control tool for staffing; what are the numbers and who cares? the obfuscation of the numbers; politics and staffing levels, real reductions, apparent reductions, changes in definition

Students read Light, The True Size of government, chapters 1-6

July19 Implications of Shadow government. Accountability, Inherently governmental functions, what are they? Contracting and government staffing levels. Reducing staffing levels without reducing mission. The politics of Contracting out. Can the private sector do it better? Ideology and contracting, evaluation and contracting. A-76 procedures at the federal level, "competitive contracting" what is it, what does it achieve, what are its weaknesses and limitations? is this an appropriate model for the local level? the Indianapolis model. Students present summaries of their research papers--roughly five minutes each.

Student Papers due today. Absolutely.

Students read Cooper, Governing by Contract, chapters 1-6

July 26 How to manage contracting. Summary and wrap up. Final examination.

