

California State University, Sacramento
Graduate Program in Public Policy and Administration

PPA 230
Public Budgeting and Finance

Spring 2008
Mondays 6:00 pm – 8:50 pm
Amador Hall 262

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or by appointment

As you are hopefully aware, this will be an exciting semester to be studying public budgeting in California. In planning for the entire semester, I have developed the weekly schedule of topics based on the substance we need to cover. Circumstances and opportunities may lead to changes in the schedule. We can talk more about this on the 28th. I will use WEBct to post changes to the syllabus or any additional assignments or readings.

Introduction

This course is designed to give you a basic understanding of the role of budgeting in the public sector. It covers budgeting at the federal, state, and local levels, but focused on state and local budget and finance issues. Budgets are one of the most significant policy documents in the public domain. They reflect priorities, values, and power relationships. Although they have important technical aspects, budgets are fundamentally political statements. They reflect the choices that result from the political process. But the study of budgeting only begins with the production of a budget. Budgets, in their organizational context, are tools for organizational development and change. In addition to studying budgets as policy documents, we will study the managerial role and challenges in developing and implementing budgets. We will use actual budgets to illustrate budget development and implementation concepts throughout the course.

Course Objectives

Student learning objectives for the course are to:

- Develop an understanding of the political context of budget development and implementation at the federal, state and local levels;
- Develop a working knowledge of the California budget process, budget concepts, and budget terminology;
- Learn some basic skills in budget development, analysis and implementation;
- Understand the role of budgets in the life of a state or local agency or department;
- Gain an understanding of budgets as tools for accountability;
- Develop some basic skills in the selection and use of performance measures in the context of performance budgeting;
- Develop an appreciation for the intergovernmental dynamics of budgeting and their impact on budgeting behavior
- Improve applied communication skills, including the presentation of budgetary information.

Format of Course

The course is taught in a seminar style. Students are expected to come to class prepared to participate in conversations about the materials they have read. There will be some lecture but our discussions and small group work designed to further learning are key. If you have not done the reading, you will not be able to participate. Consistent lack of participation will result in a reduced class participation grade (in addition to the fact that you will learn less). Guest lecturers will be a significant resource in this class.

Required Text and Readings

John L. Mikesell, Fiscal Administration: Analysis and Applications for the Public Sector, Seventh edition, Thomson/Wadsworth, 2007

Several electronic readings are embedded in the syllabus or available on webct. Please bring the appropriate readings to class (including the hard copies of electronic material) we will often use them in exercises. Additional readings may be assigned as appropriate.

Assignments and Grading

Students are expected to attend class regularly, participate, and turn in assignments in a complete and professional manner. Complete and professional means proofread, well written, appropriately cited, and on time. Especially poorly written papers may be returned to be re-done at the discretion of the instructor. Excessive absences will be reflected in your grade.

No late work will be accepted. I understand that many students are working full-time and attending classes at night. I will accommodate work "issues" as much as possible but expect you to complete your assignments on time. If you must miss class when an assignment is due, you may drop it off at my office or e-mail it to me prior to class. If you email it, it is your responsibility to insure that I have received it and that it is retrievable. You may do this by phoning me or requesting a confirming email from me. I am most likely to receive it in Microsoft Word Format.

Three 2-3 page memos (assignments embedded in syllabus) 30%

Mid Term (take home) 30%

The take home mid term will focus on local government budgets and will focus on your analysis and problem solving skills, applying your learning in the course .

Attendance and Class Participation: 10%

Group Presentation 30%

Governor Schwarznegger has referenced the Arkansas Budget Stabilization Act as a model for his proposal for increased executive/managerial controls in California's Budget Cycle. The Government Performance Project sponsored by the Pew Center on the States (www.gpponline.org) has examined all fifty states in terms of four criteria in assessing/rating "performance": money, people, infrastructure and information. Under the money criteria they have looked at budget process, long term outlook, balance of revenues and expenditures, use of information technology.

California's overall "grade" is a D. In the sub category "money", the grade is a C-. Several states in addition to Arkansas, e.g. Minnesota, Virginia, Washington, Georgia, Colorado and New York have adopted some interesting practices which may present ideas for California.

More detail will be developed, but my current thought is that we use the group project activity and the work of the Pew Center to develop additional or alternative proposals for budget reforms in California. I have scheduled the final two class sessions for these presentations which should include appropriate narrative, handouts, analysis of options.

Weekly Schedule of Topics

Weeks 1-5: Institutional Roles, Processes and Related Issues

Week 1 Introduction and Overview
1/28 Budgets as Political Choices
 Roles and Responsibilities in Federal System

Read Mikesell, Chapter 1 (as a review of what you have learned in PPA 220A/B)

Bring newsclippings, notes/musings from your pre-class observations of the impact of the budget crisis on the state agencies, local governments, special districts and non profit organizations

Assignment: Memo #1

Write a memo to me (2 pages maximum) describing your job or internship and how(if at all) your work relates to budgets, what other experience you have had with doing budgets, what you hope to get out of the class, and finally 2-3 aspects of the current budget crisis which intrigue or puzzle you.

Week 2 "The Logic of the Budget Process"
2/4 The Cycle, Processes, Roles

Read Mikesell, Chapter 2

Week 3 Federal, State and Local Budget Processes
2/11

Note: We will understandably be focusing on the State Budget Process, but I want us to do that in the context of Federal and Local Government Processes

Read Mikesell, Chapter 3

Familiarize yourself with these State of California sites:

www.dof.ca.gov/Budgeting/Budget/Information/Budget_Information.php
www.lao.ca.gov
www.NextTen.org

Familiarize yourself with these Federal sites:

<http://www.cbo.gov/budget/glossary.shtml>
<http://www.cbpp.org/3-7-03bud.htm>
www.whitehouse.gov/omb/

And these local government related sites:

www.californiacityfinance.com
<http://www.gfoa.org/services/nacslb/>

Assignment: Memo #2

Using the department or governmental jurisdiction you have chosen to focus on in this class, write a 1-2 page memo to head of that unit, pretending he or she is new to the organization, and describe the process used to prepare the annual budget. Address both the process for preparing the budget *request* and that for preparing the actual budget *allocations*, once the department budget has been determined. Spend at least a portion of the memo on the degree to which the budget process reflects power relationships and how it attempts (pretends?) to be rational/technical. The assignment may require you to interview a few people.

Week 4 Budget Methods and Practices
2/18

Formats
Workload Budgets
Operating Budgets

Jaime Calleja Alderete, “Budget Practices and State Expenditures in California”, PPIC March 2007 www.ppic.org

Week 5 Performance Budgeting and Performance Measurement
2/25

Read Mikesell Chapter 5

Center for Accountability and Performance, Performance Measurement: Concepts and Techniques, 3rd edition, American Society for Public Administration.

Weeks 6-10 Fiscal Policy Roles of Federal, State and Local Governments: Constraints and Opportunities

Week 6 Federal Government Budget as it Impacts State and Local Budgeting and Policy
3/3

Federal Role in Entitlements/Mandates/Accountability Measures

Welfare Reform
Health Care
Pell Grants

Federal Role in Domestic Initiatives

ADA compliance
Water Quality
NCLB

Federal Block Grants

Federal Earmarked Projects

Role of the Federal Reserve in Housing Market: Federal Monetary Policy, Regulations, etc. impact local revenues

Read Mikesell Chapter 14

Week 7 State Government Budget: The History, The Looming Problems, The 2008-09 “Solutions” Part I
3/10

Post Prop 13 History as Context for California

Identification of dysfunctionalities in process
Supermajorities, hyper partisanship
Earmarking, ballot box budgeting

Pass through for Federal entitlements

Provider of Higher Ed, Prisons, Parks, Infrastructure,

Funder of K-12

Read Governor’s 2008-09 Budget Summary

Read Elisa Barbour, State-Local Fiscal Conflict in California: From Proposition 13 to Proposition IA, PPIC, December 2007, available only online, www.ppic.org

Assignment: Memo #3

Write a memo with any appropriate attachments of graphs or charts describing how a program of your department budget is financed (i.e. general funds, user fees, special funds, federal or state funds) and covering any other issues salient to the revenue picture for the program. Pay particular attention to any intergovernmental dimensions of the budget.

Week 8 State Government Budget Part II
3/17

Read Tracy Gordon, Jaime Calleja Alderete, Patrick J. Murphy, Jon Sonstelie, and Ping Zhang, Fiscal Realities: Budget Tradeoffs in California, PPIC January 2007 www.ppic.org

Week 9 Local Government Budgets Impacted by State and Feds Part I
3/24

Cities, Counties, and Special Districts: specific limits

Little Fiscal Autonomy: fees are only thing they can control (tax sharing, caps on property tax)

General Law and Charters: governing, taxing, programs and policies

Redevelopment

Capital Budgeting

Read Mikesell Chapter 6

Inventory of Local Tax Authority, Peter Detwiler, Senate Local Government Committee, December 2007

“Perspectives on Local Finance and Infrastructure Issues in the U.S. and California: Survey of City Officials”, PPIC December 2006

Spring Break -- no class
3/31

Week 10 Local Government Budgets Part II
4/7

Counties and Non Profit Organizations
Counties as “administrative arm of state government”

Midterm: distribute assignment due April 14

Week 11 Implementing and Managing Budgets
4/14

Readings to be assigned

Weeks 12-13

Week 12 Forecasting, Revenue Estimation and Cash Management
4/21

Read Mikesell Chapter 13, 15

Assignment: Memo #3 To be assigned

Week 13 Fund Management, Debt Management, Pension Fund
Management
4/28

Read Mikesell Chapter 16

Week 14-15 Group Presentations
5/5, 5/12