

PA 218: Public Budgeting
Fall 2002

DMH 161 & DMH 339 (Lab)

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Class Hours: W 18:00-20:45
Office Hours: MW 16:00-18:00
20:45-21:15
& by appointment

COURSE OBJECTIVES

This course is designed to provide MPA students, the practicing (and the future) government administrator and finance officer, (1) a philosophical/theoretical foundation of public budgeting; (2) a critical understanding of the budgetary process; and (3) an opportunity to practice contemporary budgeting techniques/designs from which they can gain practical insights about the process and tools they will later encounter. While the primary focus of the course is not the politics of budgeting, it emphasizes that no phase of budgeting, no matter how seemingly technical, escapes political pressures.

Learning Objectives:

1. You will learn where the money goes;
2. You will be familiar with the politics of budgeting process;
3. You will be familiar with the functions of budgeting;
4. You will be familiar with budgetary decision making perspectives and strategies;
5. You will learn some budgeting techniques including C/B, C/E, etc.;
6. You will learn different ways to construct budgets including PBB, ZBB & PPBS;
7. You will learn how to plan, implement and evaluate performance-based budgeting;
8. You will be familiar with economic implications of budgeting.

PREREQUISITES & DIAGNOSIS

1. Prerequisites: American Government, Economics, and Computer Spreadsheet Analysis
2. Diagnostic Test:

There will be a preliminary test at the first meeting in order to diagnose students' ability to understand basic concepts and skills essential to successfully complete the course. Those who fail the test are strongly recommended to:

- (1) drop the course and take relevant preliminary courses first; or
- (2) form a study group under the instructor's guidance; or
- (3) come up with your own plan in consultation with the instructor.

POLICIES & ACCOMMODATIONS

Drop Policy: You should decide early on whether or not this class is for you. I want to call your attention to the new DROP policy. After the 20th day of instruction, students may only drop classes for "serious and compelling reasons," which must be "beyond the student's control." Students may not drop classes because of poor attendance or poor grades. Even if the professor and the student think it is a good idea that the student should be allowed to drop, the University can say no.

Accommodations: If you need accommodations because of a disability, or if you wish to provide emergency medical information, please make an appointment to see me as soon as possible.

COURSE REQUIREMENTS AND GRADING

The course will be conducted in a lecture-exercise-discussion format. Note that you are responsible for any changes in the schedule in your absence. Students will be evaluated on:

1. Contributions to class discussions & exercises/workshops 20 pts. (20%)

You should prepare all reading assignments before the appropriate class session. In-class exercises are designed to help you understand basic theories and models. You are strongly encouraged to develop your own thoughts and criticisms. There will be penalties for late work/make-ups.

2. Examinations 50 pts. (50%)

Exams will cover basic concepts/theories/models/techniques and political/managerial issues in public budgeting. You will be graded based on the level of (1) quantitative/qualitative problem-solving skills, (2) critical analysis of budgetary issues, and (3) writing/reasoning quality.

3. Research Paper (Presentation & Paper) 30 pts. (30%)

<i>Proposal</i>	<i>05 pts.</i>
<i>Participation/Discussion:</i>	<i>05 pts.</i>
<i>Presentation:</i>	<i>05 pts.</i>
<u><i>Written Paper:</i></u>	<u><i>15 pts.</i></u>
<i>Total</i>	<i>30 pts.</i>

Here are step-by-step suggestions:

STEP 1: Pilot Study: Explore current literature (journal articles, government publications, etc.) relating to performance-based budgeting in general. Please read 4-6 current (published within the last 5 years) articles in reputable journals (i.e., *Public Administration Review*, *Public Budgeting & Finance*, etc.). This pilot study will help you understand *what is going on* (the State of Research and Practice) in the field of performance-based budgeting.

STEP 2: Topic Selection: Identify a specific topic (i.e., measurement, alignment, costing, benchmarking, planning/implementation, etc.) that you want to research further for your paper. Explore current literature relating to your own specific topic.

STEP 3: Case Study: Identify an exemplary case or cases relating to your topic. You may find exemplary cases from the following resources:

- <http://www.aspanet.org> (Center for Accountability and Performance: Case Studies),
- Books and journals (i.e., *Public Administration Review*, *Public Budgeting & Finance*, etc.), or
- Your own field research.

STEP 4: Proposal: Write/discuss your proposal with the instructor as early as possible (prior to the 10th week of the semester). Your proposal must include:

- Research topic
- Significance of the Topic: Is it worth studying further?
- A list of cases that you plan to analyze
- A list of articles/documents you read and plan to read

STEP 5: Final Paper: Your final paper should contain, at least, the following:

- cover page (the title, an abstract within 200 words, your name)
- introduction (including the purpose, significance, current trend) 1-2 pages
- case analysis by issues 6-9 pages
- discussions (explore new problems/solutions) 1-2 pages
- research suggestions (what should be done to advance our knowledge and practice) 1-2 pages
- bibliography

Paper Format: Your final paper will be 10-15 pages, double spaced, and type-written. You are strongly recommended to use acceptable formats and styles of paper writing (see *PAR*). You should take care that appropriate citations are used. Direct quotations must be so indicated with quotation marks and a specific reference to the page in the source from which it was taken. Ideas from others must also be referenced although quotation marks are inappropriate. Failure to cite your sources constitutes academic misconduct.

Evaluation: Standards of evaluation for the paper/presentation include the quality of research, writing/reasoning, & research suggestions; paper format; the quality/effectiveness of presentation; participation to the discussions; etc.

TEXTBOOKS

Required:

- John L. Mikesell. Fiscal Administration: Analysis and Applications for the Public Sector 5th ed. (Orlando, FL: Harcourt Brace College Publishers, 1999).
- David N. Ammons. Accountability for Performance (ICMA, 1995).

Optional:

- Aaron Wildavsky and Naomi Caiden. The New Politics of the Budgetary Process 3rd ed. (New York: Longman., 1997).
- Donald Axelrod. Budgeting for Modern Government (New York: St. Martin's Press, Inc., 1995).
- Robert L. Bland and Irene S. Rubin. Budgeting: A Guide for Local Governments (ICMA, 1997).

Public Administration Review (Journal)

Public Budgeting & Finance (Journal)

Annual Report of State of California Budgetary Basis (Gov't Document)

The Budget of the United States Government (Gov't Document)

Historical Tables, Budget of the United States Government (Gov't Document)

TENTATIVE COURSE SCHEDULE AND READING ASSIGNMENT

WEEK 1-3: Foundation of Public Budgeting

8/28 Topics: Introduction, Diagnostic Test
Readings: Prerequisites

9/04 Topics: The Role of the State, Functions of Budgeting, The Public Interest,
Public Choice Theory, Characteristics of Budgeting
Readings (* Required, # Optional):
* Mikesell, pp. 1-26
Axelrod, pp. 1-13.

9/11 Topics: Budget Formulation and Implementation
Fiscal/Monetary/Economic Policy
Readings (* Required, # Optional):
* Mikesell, Chs. 1-3.
* Aaron Wildavsky and Naomi Caiden. The New Politics of the Budgetary Process 3rd ed. (New York: Longman., 1997), Ch. 12 (pp. 299-335).
* Any Macroeconomics Book for *Fiscal and Monetary Policy*.
Krolak, California's Budget Dance: Issues & Process.

WEEK 4-7: Budgeting Techniques

9/18 Topics: Decision Making Strategies and Perspectives, Decision Support Systems
Readings (* Required, # Optional):
* Any Introductory Books relating to "Management Science" or "Decision Making." For example:
- G.A. Forgionne, Quantitative Decision Making. (Belmont, CA: Wadsworth Publishing Company, 1986), 52-74.
- David R. Anderson. An Introduction to Management Science. (San Francisco, CA: West Publishing, 1982).

9/25 Topics: Cost/Benefit Analysis, CE Analysis, Capital Budgeting
10/02 Readings (* Required, # Optional):
* Mikesell, Ch. 5.
* Kenneth J. Meier, The Limits of Cost-Benefit Analysis, Decision Making in the Public Sector. ed. Lloyd G. Nigro (New York: Marcel Dekker, Inc., 1984).
Edward M. Gramlich, A Guide to Benefit-Cost Analysis (Prospect Height, IL: Waveland Press, 1998).
E. Stokey and R. Zeckhauser, A Primer for Policy Analysis. (New York: W.W. Norton & Company, 1978), 134-176.

10/09 **Mid-term Exam I**
Overview of Budgeting Systems

WEEK 8-12: Budgeting Systems (Computer Lab: DMH 339)

10/16 Topics: Line-item Budgeting System and Computer Workshop
Readings (* Required, # Optional):
* Mikesell, Ch. 4.
* Current budget documents for the City of San Jose, the State of California, and the Federal. (focus on the main components, and the structure/format)

A List of Sample Readings for Your Research Paper

- Karen Carney, *Successful Performance Measurement: A Checklist* (Nov. 1999), Annual Editions: Public Administration 01/02. ed. Howard R. Balanoff (Guilford, CT: McGraw-Hill/Dushkin, 2001), 43-44.
- XiaoHu Wang, *Performance Measurement in Budgeting: A study of County Governments*, Public Budgeting and Finance (Fall 2000, vol. 20, no. 3), 102-118.
- Evan Berman and XiaoHu Wang, *Performance Measurement in U.S. Counties*, PAR (Sept./Oct. 2000, vol. 60, no. 5), 409-421.
- Joseph Besselman, A. Arora, P. Larkey, *Buying in a businesslike Fashion-And Paying More?*, PAR (Sept./Oct. 2000, vol. 60, no. 5), 421-434.
- Julia Melkers and K. Willoughby, *The State of States: Performance-Based Budgeting Requirements in 47 out of 50*, PAR (Jan./Feb.. 1998, vol. 58, no. 1), 66-73.
- Robert D. Lee, Jr. and Robert C. Burns, *Performance Measurement in State Budgeting: Advancement and Backsliding from 1990 to 1995*, Public Budgeting and Finance (Spring 2000, vol. 20, no. 1), 38-54.
- Leanna Stiefel, R. Rubenstein, and A. E. Schwartz, *Using Adjusted Performance Measures for Evaluating Resource Use*, Public Budgeting and Finance (Fall 1999, vol. 19, no. 3), 67-87.
- David Mosso, *Accounting for the Business of Government*, Public Budgeting and Finance (Winter 1999, vol. 19, no. 4), 65-74.
- Katherine G. Willoughby and J. E. Melkers, *Implementing PBB: Conflicting Views of Success*, Public Budgeting and Finance (Spring 2000, vol. 20, no. 1), 105-120.
- Naomi Caiden, *Public Service Professionalism for Performance Measurement and Evaluation*. Public Budgeting and Finance (Summer 1998, vol. 18, no. 2), 35-52.
- James Fielding Smith, *The Benefits and Threats of PBB: An Assessment of Modern Reform*, Public Budgeting and Finance (Fall 1999, vol. 19, no. 3), 3-15.
- Congressional Budget Office, *Using Performance Measures in the Federal Process* (Washington, DC: July, 1993).
- United States GAO, *Performance Budgeting: State Experiences and Implications for the Federal Government* (Washington, DC: 1993).
- Wholey, Joseph S., and H. P. Hatry, "The Case for Performance Monitoring," PAR, vol. 52, no. 6 (Nov/Dec 1992), pp. 604-610.
- Hatry, Harry P., et al., *How Effective Are Your Community Services?: Procedures for Measuring Their Quality*, 2nd ed. (Washington, DC: The Urban Institute, 1992).