

PUBLIC BUDGETING

Fall 2015

Professor James Jimenez

Course Description

The allocation of public funds is arguably the most important policy tool for presidents, governors, mayors and legislative bodies at all levels of government. The administration and management of public funds within a policy framework is thus crucial to implementing a political vision. Through operating budgets and other fiscal policy tools political agendas are transformed into programs that impact the lives of Americans. In this light, the budget should be considered not only a financial tool for achieving a shared vision rather it should also be considered a value statement.

Changes in the political and economic environment provide a opportunities to view conflicts in basic American values as spending demands and revenue constraints diverge. At the federal, state and municipal levels of government, our elected and appointed officials are grappling with what has been called the “new normal” as recent deficits exposed structural deficiencies at all levels of government. The primary focus of this course will be to provide students with a deep understanding of how the value statement called the budget is influenced by politics and process.

We will begin with a discussion of the Great Recession impacted public budgets and then delve into federal budget policy. After gaining a strong foundation, we will then examine state and local budgets and will, by necessity, discuss the often complex relationship between the federal government and sub-national units of government.

This course is designed to provide students with a general understanding of important components of public budgeting such as operating budgets, capital budgets, public debt, economic development finance and pension funding. You will also learn the essential elements of budget development and how the interplay between the branches of government determines public budgets and thus public policy priorities.

Students will gain a familiarity with current academic research in public financial administration along with practical knowledge of concepts and analytical approaches. There will be discussion of best practices and smart practices throughout the course. Students will be expected to identify current issues, conduct analysis and develop and then communicate findings and recommendations as they relate to the use of public funds.

Important accommodation note: Anyone requiring special accommodation or assistive technology should advise me within the first week of class, so that reasonable accommodations may be provided.

UNM Learn

The syllabus and certain other class materials, other than the two textbooks, will be

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posted on the UNM Learn site for the class.

Assignments and Grading

Grading in this course is based on performance in four areas, each of which is described below:

1. Class participation	20%	See description
2. Blog	25%	Due September 23
3. Essay	25%	Due October 28
4. Fiscal Analysis Project	30%	Due December 2

I do not give or accept extra credit assignments.

All work, including class discussion, is expected to be consistent with the nature of graduate professional study. This means original work, supported by the readings, is to be incisive and rigorous. Plagiarism will result in failure in the course, consistent with the University's and the School's academic honesty policies. See the UNM Student Code of Conduct.

If you must request an incomplete for the course, you will have until the end of the Spring semester 2016 to complete all requirements for the course.

Office Hours

I do not maintain regular office hours on campus but I am available to meet with you by appointment. Either email me at jjimen03@unm.edu or call me at (505) 263-4043 to schedule an appointment.

GRADING

Class Participation (20%)

Your class participation grade will have four elements to it. On the first day of class, I will assign to you two mini-cases from the Rubin text which you are to summarize and then explain the concepts that Rubin is trying to illuminate (10% - 5% each). Second, you will be required to present to the class a news story on a budget or finance topic of your choice (5%). Third, you are expected to read all assigned material prior to class and to engage in discussion during class (5%). To participate in the discussion, you must attend class so please let me know in advance if you must miss a class.

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Blog (25%)

This assignment requires you to write a blogpost of between 500 and 700 words. The topic is a public finance or budget topic of your choosing but must be approved by me. The blog is due by midnight September 23 and is to be emailed to me at jjimen03@unm.edu. You will lose a full grade for each day it is late. Your proposed topic is due on September 9. A separate document will provide more direction on this assignment.

Essay (25%)

This five-page essay is due by midnight October 28 and is to be emailed to me at jjimen03@unm.edu. You will lose a full grade for each day your exam is late. You will have the option of answering one of two questions which will be provided to you on October 21. An essay is not a research paper; rather it is an opportunity to provide your reasoned opinion on an aspect of public budgeting. Your essay is to be sent to me at jjimen03@unm.edu. You will lose a full grade for each day your essay is late.

Fiscal Analysis Project (30%)

Working in groups, students will prepare a financial condition analysis of a city, county or state government a summary of which you will present in class in addition to emailing me a written report. The written report is due December 2; your presentations are also scheduled for December 2. A separate handout describing the requirements of the fiscal analysis project will be posted on the UNM Learn site for the class. You will lose a full grade for each day your course project is late.

COURSE MATERIALS

Textbooks

1. The Politics of the Public Budgeting: Getting and Spending, Borrowing and Balancing, Irene Rubin. DC: Congressional Quarterly Press, 7th edition.
2. Public Budgeting Systems, Lee, R.D., Johnson, R.W., and Joyce, P.G., Jones and Bartlett, 9th edition.

Readings – the textbooks will be supplemented with a substantial number of readings from the academic literature and other sources, all of which are listed below. From time to time I may add readings based on local, state or federal government budget developments. The *Public Administration Review* (PAR) articles will not be posted on the UNM Learn site for the class as they are easily

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accessed through the UNM Library's e-journal website. Readings from other journals will be posted on the UNM Learn site. For some readings I will provide a link for access.

August 19 **Course overview, expectations, grading and the importance of budgeting in public policy, the budget as a values statement, minicase and news article assignments.**

Reading Assignment: U. S. Constitution – Preamble, Article 1 and Article 2; ***Federalist Papers*** 1, 47 and 48; **NM Constitution** – Articles 3, 4 and 5.

Joyce, P.G., and Pattison, S., 2010 “Public Budgeting in 2020: Return to Equilibrium or Continued Mismatch Between Demands and Resources.” Public Administration Review. December.

August 26 **Introduction to public budgeting** – the meaning of politics in budgeting and the process and characteristics of budgeting.

Lee, Chapters 1, 2, 3,
Rubin, Chapters 1, 3

September 2 **Politics and Process: Revenues** – Don't tax you, don't tax me. Tax the man behind the tree! Why is raising taxes fraught with politics? What are the three primary types of taxes levied by governments?

Lee, Chapters 5, 6
Rubin, Chapter 2

September 9 **YOUR BLOG TOPIC IS DUE**

Politics and Process: The Federal Budget - How does the federal budget cycle differ from the state budget cycle? Why has the congress been unable to approve a budget on time?

Lee, Chapters 4, 10

September 16 **Politics and Process: The Federal Budget** – How did we get in this mess?

Rubin, I., 2007. “The Great Unraveling: Federal Budgeting. 1998-2006”, Public Administration Review. July/August.

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Posner, P.L., 2009. "Budget Process Reform: Waiting for Godot." Public Administration Review. March|April.

September 23

YOUR BLOG IS DUE

Politics and Process: Budget Cycles and Expenditures - What is the budget request and how is it structured? Why change the budget process?

Lee, Chapter 7
Rubin, Chapter 4

September 30

Politics and Process: The Decision Process – What are the best strategies for getting a budget approved?

Lee, Chapter 8
Rubin, Chapter 5

October 7

Politics and Process: Balancing the Budget – Is it really that hard to balance the budget?

Rubin, Chapter 6

October 14

Politics and Process: The Role of the Legislature – How does the Legislature approve a budget?

Lee, Chapter 9

Jimenez, B.S., 2014. "Separate, Unequal and Ignored? Interjurisdictional Competition and the Budgetary Choices of Poor and Affluent Municipalities." Public Administration Review. March|April. Vol. 74, no. 2.

October 21

ESSAY QUESTIONS ARE POSTED

Performance and Participatory Budgeting – Is performance budgeting just a data gathering exercise or a real accountability tool?

Lu, Y., Willoughby, K., Arnett, S. 2011. "Performance Budgeting in the American States: What's Law Got To Do With It?" State and Local Government Review. Vol. 43, No. 2.

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Public Financial Management, Frank, H.A. ed. Chapter 19. See UNM Learn folder.

October 28

ESSAYS ARE DUE

Budget sustainability – How do governments keep providing services in a volatile economy?

Chapman, J.I., 2008. "State and Local Sustainability: The Challenges." Public Administration Review. Special Issue S115-S131.

Rose, S. and Smith, D. 2011. "Budget Slack, Institutions and Transparency." Public Administration Review. 72(2).

Snow, D., Gianakis, G., Houghton, J., 2015. "The Politics of Local Government Stabilization Rules", Public Administration Review. March/April.

November 4

Intergovernmental Relations – How do the different levels of government impact each other?

Lee, Chapter 15

Politics of Adaptation – What happens when revenues don't materialize?

Rubin, Chapters 7, 8

November 11

FISCAL ANALYSIS PROJECT UPDATES

Capital budgeting – Is it pork barrel spending or necessary infrastructure?

Lee, Chapters 13, 14

November 18

Economic development finance – Is there a difference between an incentive and a subsidy?

Public Financial Management, Frank, H.A. ed. Chapter 4. See UNM Learn folder.

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- November 25 **Public pension systems** – Can we still afford defined benefit plans?

Cogburn, J.D., Kearney, R.C., 2010. “Trouble Keeping Promises? An Analysis of Underfunding in State Retiree Benefits.” Public Administration Review. January/February.
- December 2 **Fiscal Analysis Projects presentations. (10 minutes each)**
- December 9 **NO CLASS**