

PUBLIC BUDGETING

Summer 2014

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 budgets and other fiscal policy tools political agendas are transformed into programs that impact the lives of Americans.

The current political and economic environment provides a unique opportunity to view budget policy as spending demands and revenue growth 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 politics and policy interact in the context of the budget.

We will begin with a discussion of federal budget policy and 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.

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.

E-reserve

The syllabus and certain other class materials, other than the two textbooks, will be posted on the e-reserve site for the class. The password is padm544.

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Assignments and Grading

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

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|----------------------------|-----|-----|---------|
| 1. Class participation | 20% | | |
| 2. Essay 1 | 20% | Due | June 24 |
| 3. Essay 2 | 20% | Due | July 17 |
| 4. Fiscal Analysis project | 40% | Due | July 24 |

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 start of the Spring semester 2015 to complete all requirements for the course.

Office Hours

By appointment - jjimen03@unm.edu or (505) 263-4043.

GRADING

Class Participation (20%)

Your class participation grade will have two elements to it. On the first day of class, I will assign to you a mini-case from the Rubin text which you are to summarize and then explain the concepts that Rubin is trying to illuminate (10%). Second, you are expected to read all assigned material prior to class and to engage in discussion during class (10%). To participate in the discussion, you must attend class so please let me know in advance if you must miss a class.

Essay 1 (20%)

The five-page essay is due by midnight June 24 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 June 17. An essay is not a research paper; rather it is an opportunity to provide your reasoned opinion on an aspect of the federal budget.

PUBLIC BUDGETING

Summer 2014

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Essay 2 (20%)

The five-page essay is due by midnight July 17 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 July 10. An essay is not a research paper; rather it is an opportunity to provide your reasoned opinion on an aspect of public budgeting. Your answers are to be sent to me at jjimen03@unm.edu. You will lose a full grade for each day your exam is late.

Fiscal Analysis Project (40%)

Working in groups, students will prepare a financial condition analysis of a city, county or state government. Students are required to prepare a written report that is due July 24. You are also required to make a 10 minute presentation summarizing your results on July 24. On July 1, you are required to make a five-minute presentation on the first part of the analysis. A separate handout describing the requirements of the fiscal analysis will be posted on the Course Reserves site for the class. You will lose a full grade for each day your course project is late.

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 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 E-RESERVE site for the class as they are easily accessed through the UNM Library's e-journal website. Readings from other journals will be posted on the Course Reserves site. For some readings I will provide a link for access.

June 3 **Course overview, grading, requirements and the importance of budgeting in public policy**
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.

June 5 **Introduction to public budgeting**

PUBLIC BUDGETING
Summer 2014
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Lee, Chapters 1, 2, 3,
Rubin, Chapters 1, 3

June 10 **Politics and Process: The Federal Budget**
Lee, Chapters 10
Rubin, Chapters 1, 3

June 12 **Politics and Process**
Lee, Chapters 4, 7
Rubin, Chapters 4, 5

June 17 **ESSAY 1 Questions posted**
Politics and Process
Lee, Chapters 4, 7
Rubin, Chapters 4, 5

June 19 **Politics and Process**
Lee, Chapters 8, 9

Rubin, I., 2007. "The Great Unraveling: Federal Budgeting, 1998-2006", Public Administration Review, July|August.

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

June 24 **ESSAY 1 DUE**
Politics and Process
Lee, Chapters 8, 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.

June 26 **Performance and Participatory Budgeting**
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.

Frank, Chapter 19. On Course Reserves.

July 1 **FISCAL ANALYSIS PROJECT UPDATES (5 minutes)**

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Summer 2014
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Budget sustainability

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

Schunk, D., and Woodward, D. "Spending Stabilization Rules: A Solution to Recurring State Budget Crises?" Public Budgeting and Finance. Winter 2005.

July 3

Politics and Process: Revenues

Rubin, Chapter 2
Lee, Chapters 5, 6

July 8

Intergovernmental Relations

Lee, Chapter 15

Politics of Adaptation

Rubin, Chapters 7, 8

July 10

ESSAY 2 Questions posted

Capital budgeting
Lee, Chapters 13, 14

July 15

Economic development finance

Public Financial Management, Frank, H.A. ed. Chapter 4. On Course Reserves.

"Now That the Factories Are Closed, It's Tee Time in Benton Harbor, Mich.", December 15, 2012, www.nytimes.com.

July 17

ESSAY 2 DUE

Public pension systems

Cogburn, J.D., Kearney, R.C., 2010. "Trouble Keeping Promises? An Analysis of Underfunding in State Retiree Benefits." Public Administration Review. January/February.

July 22

Make-up class. Final exam questions will be posted.

July 24

All fiscal analysis projects are due!
Financial condition project presentations