

PUBLIC BUDGETING

Summer 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 budgets and other fiscal policy tools political agendas are transformed into programs that impact the lives of Americans. Thus a government's budget is more than a financial tool for achieving a shared vision, it is a value statement.

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 the value statement called the budget is influenced by politics and process.

We will begin with a discussion of the revenue side of the budget and then examine 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.

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:

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|----------------------------|-----|-----|---------|
| 1. Class participation | 20% | | |
| 2. Essay 1 | 20% | Due | June 18 |
| 3. Essay 2 | 20% | Due | July 9 |
| 4. Fiscal Analysis Project | 40% | Due | July 23 |

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 2016 to complete all requirements for the course.

Office Hours

By appointment only. Either email me or call me - 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 18 and is to be emailed to me at jjimen03@unm.edu. You will lose a full grade for each day your essay is late. You will

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have the option of answering one of two questions which will which will be provided to you on June 11. An essay is not a research paper; rather it is an opportunity to provide your reasoned opinion on an aspect of the federal budget.

Essay 2 (20%)

The five-page essay is due by midnight July 9 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 which will be provided to you on July 2. 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 essay 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 submit a written report that is due July 23. You are also required to make a 10 minute presentation summarizing your results on July 23. On June 30, 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 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 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 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.

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June 2 **Course overview, grading, requirements and the importance of budgeting in public policy, the budget as a values statement**

Minicase assignments - Rubin book

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 4 **Introduction to public budgeting** – be prepared to discuss the key points of the Joyce and Pattison article, the meaning of politics in budgeting and the process and characteristics of budgeting.

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

June 9 **Politics and Process: Revenues** – 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

June 11 **ESSAY 1 Questions posted**

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

June 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.

Posner, P.L., 2009. “Budget Process Reform: Waiting for Godot.” Public Administration Review. March/April.

June 18 **ESSAY 1 DUE**

Politics and Process: Budget Cycles and Expenditures - What

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is the budget request and how is it structured? Why change the budget process?

Lee, Chapter 7
Rubin, Chapter 4

June 23 **Politics and Process: The Decision Process** – What are the best strategies for getting a budget approved?

Lee, Chapter 8
Rubin, Chapter 5

June 25 **Politics and Process: Balancing the Budget** – Is it really that hard to balance the budget?

Rubin, Chapter 6

June 30 **FISCAL ANALYSIS PROJECT UPDATES (5 minutes)**

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.

July 2 **ESSAY 2 QUESTIONS 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.

Frank, Chapter 19. See UNM Learn folder.

July 7 **Budget sustainability** – How do governments keep providing services in a volatile economy?

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

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

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

July 9

ESSAY 2 DUE

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

July 14

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

Lee, Chapters 13, 14

July 16

Economic development finance – What is the difference between an incentive and a subsidy?

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

July 21

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.

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July 23

Fiscal Analysis Projects presentations. (10 minutes)