

PADP 4630: Politics and Budgeting Process

Department of Public Administration and Policy
School of Public and International Affairs
The University of Georgia

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Office hours: By appointment

Public budgeting is central to governance. To exist and function, governments must secure resources, allocate them among competing claims, and deliver results. Students of governance need knowledge of the budgeting process before entering professional practice to effectively conduct policy analysis and manage public resources. This course accelerates the development of students by guiding them in exercises which tap into political, economic, managerial, and legal dimensions that shape public budgeting. The knowledge and skills acquired in this course prepare students for careers in public budgeting and financial management, public policy, public management, economics, law, and as political managers.

Required Reading Materials, Tools, and Skills

Reading Materials

Willoughby, K. G. (2014). *Public budgeting in context: Structure, law, reform and results*. John Wiley & Sons.

Forsythe, D. W., & Boyd, D. J. (2012). *Memos to the governor: An introduction to state budgeting*. Georgetown University Press.

Tools

Microsoft Excel 2016. Calculations **must** be performed using Excel. Upon entry, no knowledge of the application is necessary. The instructor provides training during the course.

Skills

Reading comprehension, logic, and communication. The only mathematical requirement upon entry is that you can perform basic arithmetic. The instructor provides aids to calculation for assignments.

Course Content and Format

PADP 4630, Politics and Budgeting Process, examines the past, present, and future of public budgeting. The course consists of seven modules on U.S. federal, state, and local budgeting. Each module and its respective exercises are listed below.

- (1) Foundations of Public Budgeting
 - a. Part 1: Thinking About Public Budgeting
 - b. Part 2: Intro to Budget Analysis
- (2) The U.S. Federal Budget
 - a. Part 1: An Historical Analysis of Reform
 - b. Part 2: Data Analysis: Past, Present, and Future
- (3) Budgeting in the States
 - a. Part 1: Institutions, Processes, and Politics
 - b. Part 2: Analysis of Georgia's Comprehensive Annual Financial Report
- (4) Budgeting in U.S. Local Governments
 - a. Part 1: Metropolitan Fiscal Problems
 - b. Part 2: Intro to Financial Condition Analysis
- (5) Special Topics in Fiscal Federalism
- (6) Budgeting for Results
 - a. Part 1: Managing Government Performance
 - b. Part 2: Program Evaluation
- (7) Capital Budgeting
 - a. Part 1: Intro to Capital Budgeting
 - b. Part 2: Capital Improvement Plan

Class sessions are structured around lectures, discussions, and exercises. To be prepared for lectures and discussions, students **must** complete readings, videos, etc. **prior** to class. Time is designated in class for data applications to help students begin their exercises.

Attendance and Participation

Attendance is mandatory and students must be seated for class no later than 10:59 AM. Absences need to be documented and communicated to the instructor as soon as possible. Devices are permitted in class for educational purposes but are strictly forbidden otherwise. Public discourse is essential to realizing the learning objectives of this course. Students are expected to be prepared to defend their positions via the spoken word and critique those of their peers and instructor in a respectful manner.

Office Hours

To arrange a meeting, please inform me of your availability via email and I will reply with an outlook meeting request. I prefer that we meet in my office, 203A Baldwin Hall, but, if necessary, may propose or accommodate virtual meetings.

Academic Honesty

Students are responsible for familiarizing themselves with and abiding by the University Academic Honesty Policy. Any violation results in, at minimum, an F for this course and potentially much more severe consequences. Students are responsible for informing themselves about those standards and consequences before performing or submitting work.

Grading

(1) The final grade is calculated based on a total of 100 points.

1	Foundations of Public Budgeting	10
2	U.S. Federal Budget	15
3	Budgeting in the States	15
4	Budgeting in U.S. Local Governments	15
5	Special Topics in Fiscal Federalism	10
6	Budgeting for Results	15
7	Capital Budgeting	20
		100

(2) Scale:

- a. A 100-94; A- 93-90
- b. B + 89-88; B 87-84; B- 83-80
- c. C + 79-78; C 77-75; C- 74-73
- d. D 72-70
- e. F 69-0

(3) Late assignments are **not** accepted.

(4) Negative participation can result in a penalty to be determined by the instructor based on the severity of the violation(s). Examples of negative participation include, but are not limited to: tardiness, unexcused absences, use of devices for non-educational purposes, insufficient preparation, and uncivilized public discourse.

Module 0: Organizing Session

The course begins with an organizing session to review content, requirements, and materials. Students complete a survey which informs the instructor of their academic background, learning objectives for the course, and career goals.

Deliverable due January 11

- (1) Qualtrics Student Survey

Module 1: Foundations of Public Budgeting

The introductory module emphasizes generic knowledge relevant to U.S. federal, state, and local budgeting. It first establishes the purposes of public budgeting, phases of the budgeting process, and identifies key dimensions of budgeting systems. Special attention is then given to the role and size of government, budgeting practices, and budgetary decision making. To ensure students have the requisite foundational knowledge and skills to succeed in the remaining modules, course time is dedicated to Exercise 1.

- (1) Readings
 - a. Willoughby: Preface, Ch. 1 & 2 (25-37), Ch. 9 (268-275, 281-295) & 10
- (2) Exercise 1. Foundations of Public Budgeting
 - a. Part 1: Thinking About Public Budgeting
 - b. Part 2: Intro to Budget Analysis

Deliverable due January 23

- (1) Exercise 1. Foundations of Public Budgeting

Module 2: U.S. Federal Budget

An historical analysis of the U.S. federal budget is structured to tap into political, economic, managerial, and legal dimensions of society which have shaped federal budgeting in the U.S. to become what it is today. Students then conduct data analysis on revenue and expenditure data from 1968-2017. With the historical analysis complete, the focus shifts to the The Tax Cuts and Jobs Act of 2017 to facilitate a class discussion on that legislation and a more general one on the future of federal budgeting.

(1) Readings

- a. Willoughby: Ch. 3, Ch. 6 (162-169), & Ch. 7 (210-14)
- b. Schick, Allen. "The road to PPB: The stages of budget reform." *Public Administration Review* (1966): 243-258.
- c. Joyce, P. G. (1993). The reiterative nature of budget reform: Is there anything new in federal budgeting? *Public Budgeting & Finance*, 13(3), 36-48.
- d. Rubin, I. (2007). The great unraveling: Federal budgeting, 1998–2006. *Public Administration Review*, 67(4), 608-617.

(2) Videos posted on ELC

(3) Discussion 1: The U.S. Federal Budget

(4) Exercise 2: The U.S. Federal Budget

- a. Part 1: An Historical Analysis of Reform
- b. Part 2: Data Analysis: Past, Present, and Future

Deliverable due February 4

- (1) Discussion 1. The U.S. Federal Budget

Deliverable due February 6

- (2) Exercise 2. The U.S. Federal Budget

Module 3: Budgeting in the States

Module 3 begins by exploring institutions, processes, and politics relevant to budgeting in the states. Fundamentals of tax policy, revenue structure, balanced budget requirements, debt management, and budget reserve management are reviewed. Budget systems in select states are used to illustrate variations in legislative and executive budgetary powers. Students conduct an analysis of Georgia's Comprehensive Annual Financial Report for Fiscal Year 2017 and are then responsible for holding a discussion on Georgia's budget within the context of the recent gubernatorial election.

(1) Readings

- a. Willoughby: Ch. 4, Ch. 6 (169-182), Ch. 7 (214-225), Ch. 11
- b. Forsythe, D. W., & Boyd, D. J. (2012). *Memos to the governor: An introduction to state budgeting*. Georgetown University Press.
- c. "Georgia: Shared Power and Fiscal Conservatism", Chapter 3 in *Budgeting in the States*, Eds. Clynch and Lauth 2006

(2) Guest lecture: Mr. David Tanner, Associate Director, Carl Vinson Institute of Government

(3) Discussion 2: Georgia's Budget

(4) Exercise 3: Budgeting in the States

- a. Part 1: Institutions, Process, and Politics
- b. Part 2: Analysis of Georgia's Comprehensive Annual Financial Report

Deliverable due February 20

- (1) Discussion 2. Georgia's Budget

Deliverable due February 24

- (2) Exercise 3. Budgeting in the States

Module 4: Budgeting in U.S. Local Governments

The coverage of budgeting in U.S. local governments begins by discussing the types of public services that general and special purpose governments provide and how they are funded. Institutions, processes, and politics are illustrated via contemporary cases. A discussion on metropolitan fiscal problems takes place prior to introducing basic concepts of financial condition analysis with special attention to the operating environment, management and governance, financial statement analysis, potential changes to the operating environment, and summary analysis.

- (1) Readings
 - a. Willoughby: Ch. 5, 6 (182-190)
- (2) Videos and articles posted on ELC
- (3) Discussion 3: Participatory Budgeting
- (4) Exercise 4: Budgeting in U.S. Local Governments
 - a. Part 1: Metropolitan Fiscal Problems
 - b. Part 2: Financial Condition Analysis of Atlanta, Georgia

Deliverable due March 4

- (1) Discussion 3. Participatory Budgeting

Deliverable due March 18

- (2) Exercise 4. Budgeting in U.S. Local Governments

Module 5: Special Topics in Fiscal Federalism

Having reviewed federal, state, and local budgeting systems, special topics are selected to examine the assignment of functions to levels of governments and the selection of financial arrangements for carrying out them out. Prior to engaging in specific discussions on the special topics, time is designated to clarify on foundational and generic concepts relevant to fiscal federalism as experienced in the United States. The special topics selected for this semester are education and healthcare.

(1) Readings

- a. Oates, W. E. (1999). An essay on fiscal federalism. *Journal of economic literature*, 37(3), 1120-1149.
- b. Chapters 1 and 2 of *Hamilton's paradox: The promise and peril of fiscal federalism*. Cambridge University Press.

(2) Guest Lecture: Dean and Professor Emeritus Thomas P. Lauth, University of Georgia

(3) Exercise 5: Special Topics in Fiscal Federalism

Deliverable due April 1

(1) Exercise 5. Special Topics in Fiscal Federalism

Module 6: Budgeting for Results

This module introduces students to managing performance in the public sector via the budget. It begins by identifying dimensions of public service performance and clarifying how performance information is used in budget process as evidenced by reforms and contemporary practices. Students then conduct a program evaluation on a program of their choice. In their evaluation, they are challenged to identify areas of improvement in performance measurement and management and recommend ways to incorporate their findings into the budget process.

(1) Readings

- a. Moynihan, D. P. (2008). *The dynamics of performance management: Constructing information and reform*. Georgetown University Press.
 - i. 1-12, 26-37, 75-93, 96-103, 118-136, 163-178, 189-207

(2) Exercise 6: Budgeting for Results

- a. Part 1: Managing Government Performance
- b. Part 2: Program Evaluation

Deliverable due April 15

- (1) Exercise 6: Budgeting for Results

Module 7: Capital Budgeting

Module 7 covers basic concepts of capital budgeting. Students first learn what a capital improvement plan is and how local governments develop them. The focus then shifts to understanding how capital assets are financed in the debt markets, with a brief overview of financial instruments, debt management policy, and financial intermediaries. Students are responsible for developing a capital improvement plan funded by projected revenues from a tax-increment finance district and must justify their recommendations using knowledge acquired in the course.

Deliverable due April 22

- (1) Discussion 4. Infrastructure

Deliverable due April 30

- (1) Exercise 7. Capital Budgeting

Recommended Readings

Students should browse the list below to find topics within their areas of interest and consider adding them to their professional libraries. Please contact the instructor for guidance in selecting material in your area of interest.

Anderson, J. E. (2012). *Public finance*. Cengage Learning.

Bland, R. (2013). *A Budgeting Guide for Local Governments*. International County Management Association Press.

Boyce, J. K., & O'Donnell, M. (Eds.). (2007). *Peace and the public purse: economic policies for postwar statebuilding*. Lynne Rienner Publishers, Incorporated.

Briffault, R. (1996). *Balancing acts: the reality behind state balanced budget requirements*. A Twentieth Century Fund Report.

Buchanan, J. M., & Tullock, G. (1962). *The calculus of consent*. Ann Arbor: University of Michigan Press.

Buchanan, J. M., & Musgrave, R. A. (1999). *Public finance and public choice: two contrasting visions of the State*. Mit Press.

Burkhead, J. (1956). *Government budgeting*. John Wiley & Sons Inc.

Clynch, E. J., & Lauth, T. P. (Eds.). (2006). *Budgeting in the states: Institutions, processes, and politics*.

Congdon, W. J., Kling, J. R., & Mullainathan, S. (2011). *Policy and choice: Public finance through the lens of behavioral economics*. Brookings Institution Press.

Finkler, S. A., Smith, D. L., Calabrese, T. D., & Purtell, R. M. (2016). *Financial management for public, health, and not-for-profit organizations*. CQ Press.

Fleming, Q. W., & Koppelman, J. M. (2016). *Earned value project management*. Project Management Institute.

Hendrick, R. M. (2011). *Managing the fiscal metropolis: The financial policies, practices, and health of suburban municipalities*. Georgetown University Press.

Johnson, C. L., Luby, M. J., & Moldogaziev, T. T. (2014). *State and Local Financial Instruments: Policy Changes and Management*. Edward Elgar Publishing.

Joyce, P. G. (2011). *The congressional budget office: Honest numbers, power, and policymaking*. Georgetown University Press.

Lee, R. D., Johnson, R. W., & Joyce, P. G. (2012). *Public budgeting systems*. Jones & Bartlett Publishers.

Levine, H., Scorsone, E. A., & Justice, J. B. (2012). *Handbook of local government fiscal health*. Jones & Bartlett Publishers.

Moynihan, D. P. (2008). *The dynamics of performance management: Constructing information and reform*. Georgetown University Press.

Mikesell, J. (2017). *Fiscal administration*. Cengage Learning.

Project Management Institute. *A Guide to the Project Management Body of Knowledge, 6th Edition*.

Project Management Institute. *Practice Standard for Earned Value Management, 2nd Edition*.

Rainey, H. G. *Understanding and managing public organizations*. John Wiley & Sons, 2014.

Rodden, J. (2006). *Hamilton's paradox: the promise and peril of fiscal federalism*. Cambridge University Press.

Rubin, I. S. (2016). *The politics of public budgeting: Getting and spending, borrowing and balancing*. CQ Press.

Rubin, I.S. (Ed). (2008). *Public Budgeting: Policy, Process, and Politics*. An ASPA Classics Volume. M.E. Sharpe.

Sabatier, P. A., & Weible, C. M. (Eds.). (2014). *Theories of the policy process*. Westview Press.

Schick, A. (1971). *Budget Innovation in The States*. The Brookings Institution

Schick, A. (1980). *Congress and Money*. Urban Institute.

Schick, A. (2008). *The federal budget: Politics, policy, process*. Brookings Institution Press.

Thaler, R.H. (2016). *Misbehaving: The making of behavioral economics*. W.W. Norton & Company.

Thurmaier, K. M., & Willoughby, K. G. (2014). *Policy and politics in state budgeting*. Routledge.

Wildavsky, A. (1964). *The Politics of the Budgetary Process*. Boston, Little Brown

Wildavsky, A., Caiden, N. (2004). *The New Politics of the Budgetary Process, 5th Edition*. Pearson Longman.