Public Policy 251--

Public Budgeting and Finance

Spring 2013

Monday and Wednesday, 9:00-10:20 a.m.
Public Affairs Building, Room 4371B

Charles M. (Mike) Dennis, Lecturer
Room 6220, Public Policy Building
Phone: (310) 398-3710 (home), (310) 428-1354 (cell)
E-mail: michel3063@aol.com
Office Hours: By Appointment

Course Description

The Budget Director manages the annual or biannual (in many local governments) budget process by employing various strategies. How the Budget Director creates and implements these strategies significantly impacts other public managers and policy analysts, and how the public understands and participates in the budget process. It is therefore essential that public managers and policy analysts understand these strategies and the complexities of the budget process (structure, key players and stakeholders, funding sources, service delivery strategies, and other key issues). It is the goal of this course to enable students to become effective public sector budget process participants. A key focus of the course is to critique budget process transparency, understandability, and to what degree the public can/should participate in budget decisions.

While federal level budgeting will be touched upon, the primary focus of the course will be upon state and local government budgeting and finance, and the state-local fiscal relationship. California’s proposed FY 2013-14 budget will be extensively explored.

To facilitate examination and understanding of the relevant issues, students are asked to read the two course texts, all required reader articles, and produce two written reports:

1) Mid-term – each student is to write a policy memorandum (maximum of five pages, single spaced) addressed to the Governor of California recommending changes to the state’s budget process that would make it more transparent and understandable to citizens, and enhance citizen participation.

2) Final - a research paper (maximum of 40 pages, exclusive of notes/references, graphs, etc.) prepared by student teams analyzing and making specific budget process
improvement recommendations concerning: a) the key budget issues and associated city
staff proposed solutions for a local city, and b) how the local city does/could more
effectively involve citizens in the budget process. One grade will be assigned to each
research paper and all students on the team will receive the same grade for the paper.

Each student will make a presentation of no more than ten minutes on selected required reader
articles. Presentations are to identify major “take away” points of the required article, and why
the points are important to the student; DO NOT SUMMARIZE THE ARTICLE.

To assist me in getting to know you, each student is expected to meet with me during the first
three weeks of the course.

The first session of the course is Monday, April 1st. IT IS VERY STRONGLY
RECOMMENDED THAT STUDENTS READ THE REQUIRED MATERIALS FOR THE
FIRST COURSE SESSION BEFORE APRIL 1st.

Grading

Course grades will be based on the following components. We will discuss the specifics of each
grading component at the first course session on Monday, April 1st.

- **Classroom Participation (35% of final course grade):** This component consists of two
  parts: presentations of selected required articles (10%), and individual participation in
class (25%). It is expected that all students will have completed the required readings
before the applicable course session, and will be prepared to discuss and/or ask questions
concerning the required reading material. Discussion and dialogue are powerful learning
tools. Active and informed class participation is expected of a graduate student.

- **Mid-term Policy Memorandum (25% of final course grade)**

- **Final Research Paper (40% of final course grade)**

Required and Recommended Readings, and Other Research Sources

**Required Readings:** The following materials are required reading for the course and may
be purchased at the Lu Valle Commons.

  City/County Management Association, 2007
- Michael Multari, Michael VColeman, Kenneth Hampian, and Bill Statler, *Guide to
- Custom Course Reader: This reader contains all required articles for the course.

At various class sessions, I will also provide copies of other informational materials.
Recommended but Not Required Reading: In this syllabus, there are various recommended articles and other items that students may want to obtain from the indicated source. In addition to these recommended articles, the following recommended readings are available in the graduate reserved reading room at the Research Library.


Other Research Sources:
In addition to required and recommended course readings, some other suggested on line research sources for preparation of the mid-term policy memorandum and the final research paper are: California State Department of Finance [at www.dof.ca.gov], California Legislative Analyst’s Office [at www.lao.ca.gov], California Budget Project [at www.cbp.org], California Local Government Finance Almanac [at www.californiacityfinance.com], Public Policy Institute of California [at www.ppic.org], League of California Cities [at www.cacities.org], Western City Magazine [publication of the League of California Cities [at www.westerncity.com], California Budget Challenge [interactive budget model at www.Next10.org], Committee for a Responsible Budget [interactive exercise concerning the Federal budget [at www.cfrb.org/stabilizethedebt], and California Choices [at www.CaliforniaChoices.org] which is designed to educate citizens about the complexities of state government and to encourage reform efforts.

Format of Course Sessions

Sessions may start with a few ten minute (max) student presentations on selected required articles. Following the student presentations, there will also be an opportunity for students to ask clarifying questions and to participate in class discussion concerning the required and/or recommended readings. This will be followed by a lecture augmenting the topics of the class session and introducing the topic of the next session.

Schedule of Topics and Reading Assignments – To assist students in planning their reading schedule, the number in “[ ]” following the word “Required Readings” for each session indicates the number of pages of required reading for that course session. Average number of pages of reading per class session is 51.
Session #1---Monday, April 1st: Course Introduction, Brief History of Budgeting in the United States, the Budget Strategies Matrix

Required readings [61 pages]:


Recommended readings:


Session # 2---Wednesday, April 3rd : The Budget Process I – Basic Concepts, Terminology and Transparency/Citizen Participation

Required readings [51 pages]:


Recommended readings:

1. *Organization and Design of an Effective Budget Function* [on reserve in graduate reserve reading room at the Research Library]

**Session #3---Monday, April 8th: The Budget Process II – Best Practices Model and the Future**

Required readings [70 pages]:


Recommended readings:


**Session #4---Wednesday, April 10th: The Federal Budget Process**
For a detailed overview of the federal budget process, see [www.budgetanalyst.com](http://www.budgetanalyst.com), and click "Process." For an interactive exercise about the Federal budget see: [www.cfrb.org/stabilizethedebt](http://www.cfrb.org/stabilizethedebt).

**Required readings [52 pages]:**


**Recommended readings:**


Session #5---Monday, April 15th: Overview of State Budget Processes

For a detailed overview of state budget processes, see www.nasbo.org and click “Budget Processes in the States, 2008.”

Required readings [61 pages]:


Recommended readings:


Session #6---Wednesday, April 17th: California State Budget – I, Setting the Scene

Required readings [25 pages]:

Recommended readings:


Session #7---Monday, April 22nd: California State Budget – II, The FY 2013-14 Proposed Budget

Required readings [20 pages]:

1. California State Department of Finance. “Governor’s 2013-14 Proposed Budget.” January 10, 2013. Go to web page, then click on the document. Please review the following sections:
   a. Introduction (8 pages)
   b. Summary Charts (5 pages)

2. California Legislative Analyst’s Office. “2013-14 Budget: Overview of the Governor's Budget, January 14, 2013. Go to the web page, then click on the document. Please review the following sections:
   a. Executive Summary (2 pages)
   b. Overview (5 pages)


Recommended readings:


Session #8---Wednesday, April 24th: California State Budget – III, Reforms

Required readings [81 pages]:


Recommended readings:


**Session #9---Monday, April 29th : California State Budget – IV, State/Local Fiscal Relationship**

Required readings [41 pages]:


Recommended readings:


Session #10---Wednesday, May 1st: Local Government I – Overview of Budget and Fiscal Context

Required readings [36 pages]


Recommended readings:


Session #11---Monday, May 6th : Local Government II – Overview of Budget and Fiscal Context (continued)
Required readings [48 pages]:


Recommended readings:


Session #12---Wednesday, May 8th: Local Government III – City Budget/Finance Annual Cycle, How to Read a City Budget, and May Revision to Governor’s 2013-14 Budget

Class discussion will be centered on handouts concerning how to read an actual city budget. A portion of the required reading [forthcoming] for this session is contingent on its availability online from the California State Department of Finance.

Required readings [37 + pages]:

1. California State Department of Finance. May Revisions to the Governor’s 2013-14 Budget [forthcoming], online.

Session #13---Monday, May 13th: Local Government IV – Revenues Part 1, Overview and California Property Tax

Required readings [37 pages]:

Recommended readings:

1. *Revenue Analysis and Forecasting* [on reserve in the graduate reading room of the Research Library]

**Session #14---Wednesday, May 15th: Local Government V – Revenues Part 2, Continuing the Property Tax, Other Taxes, and Other Revenues**

Required readings [66 pages]:


**Session # 15---Monday, May 20st: Local Government VI – Expenditures 1. Priority Setting and Budget Balancing**

Required readings [69 pages]:


Recommended readings:

3. *Priority-Setting Models for Public Budgeting* [on reserve in the graduate reading room of the Research Library]

Session #16---Wednesday, May 22nd : Local Government VII – Expenditures 2. Management Control

Required readings [65 pages]:


Recommended readings:

4. *Decision Tools for Budgetary Analysis* [on reserve in the graduate reading room of the Research Library]

Monday, May 27th: Holiday

Session # 17--- Wednesday, May 29th: Local Government VIII – Capital Improvements Budgeting

Required readings [42 pages]:


Session # 18---Monday, June 3rd: Local Government IX– Debt Financing, Use of Financing Instruments

Various handouts concerning the bond issuance process will be made available to students.

Required readings [71 pages]:


Recommended readings:

1. Benchmarking and Measuring Debt Capacity [on reserve in the graduate reading room of the Research Library]


Required readings [40 pages]:

Other recommended readings on reserve in the graduate reading room of the Research Library:

1. *The Quick Guide to Local Government Financial Statements*
2. *What You Should Know about Your Local Government’s Finances*

Recommended readings: