PAD 642 Public Budgeting

(Spring 2017)

Instructors: Gang Chen
Class time: Monday 5:45PM - 9:25PM
Class location: Husted Hall 217
Office hours: By appointment
Office location: Milne Hall 319
Office number: 518-442-5284
Email: gchen3@albany.edu

I. Course Description:

This is an elective MPA course focusing on public budgeting. The course covers the following topics:

1) Concepts and terminology in public budgeting and financial management;
2) Major revenue sources, structure, and administration;
3) The nature and characteristics of the budgetary processes in U.S. state and local governments;
4) Capital budgeting, debt management, and pension management;
5) Basics of budgetary and fiscal analysis.

The purpose of this course is to introduce students to public budgeting and financial management knowledge and skills, and to expose students to the current issues and challenges in this field. Students who successfully complete this course should be able to:

1) Understand the political and economic impacts of budgeting in the public sector;
2) Understand the budgetary processes and variations among different governmental jurisdictions at the federal, state and local levels;
3) Demonstrate the skills to conduct budgetary analysis accounting for political, economic and organizational factors.

Required Textbook


In addition to the textbook, supplementary readings will be posted on blackboard at least one week prior to the class. For those who are interested in additional readings, the instructor will provide a list of optional reading. Students are also encouraged to read local and national newspapers to get familiar with current government finance issues and their background.
Grading and assignments:

1. Weekly assignments (20%). Every week, students should finish reading assignments and post reading notes (400-500 words) on Blackboard discussion forum before the class meeting. For each week, the instructors will post a set of questions that provide a framework for discussion. Students’ reading notes should generally respond to the discussion questions and reflect the student’s perception of the assigned readings. Each reading notes is worth 2% of the grade. There are 11 weeks of reading assignments, and you can get up to 20% from all reading notes.

2. Class attendance and participation (10%). Students are expected to attend each class on a timely basis, so that they will benefit maximally from the class lectures and discussion. Unexcused absences will result in a reduced final course grade. Students are expected to contribute to discussions and participate in the lively exchange of ideas and experiences.

3. Budget analysis Projects (70%). There are two budget projects – each is worth 35% of the grade. Detailed guidelines for the projects will be distributed separately.

4. Grade: Final grades will be based on class attendance and participation, reading notes, and semester projects. Final letter grades will be assigned as followed:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>93%</td>
</tr>
<tr>
<td>A-</td>
<td>90%</td>
</tr>
<tr>
<td>B+</td>
<td>87%</td>
</tr>
<tr>
<td>B</td>
<td>83%</td>
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<tr>
<td>B-</td>
<td>80%</td>
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<tr>
<td>C+</td>
<td>77%</td>
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<tr>
<td>C</td>
<td>73%</td>
</tr>
<tr>
<td>C-</td>
<td>70%</td>
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<tr>
<td>D+</td>
<td>67%</td>
</tr>
<tr>
<td>D</td>
<td>60%</td>
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<tr>
<td>E</td>
<td>59% and below</td>
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III. Other policies

Any form of academic dishonesty will not be tolerated. Please refer to University at Albany’s Academic Code at: http://www.albany.edu/content_images/AcademicIntegrity.pdf for the definition of academic dishonesty. Ignorance of these policies will not excuse dishonest conduct. Violations of these standards will result in one of the following penalties or some variant: reduction in the grade for the assignment, failure of the assignment, failure of the course,
or expulsion. In all cases, a Violation of Academic Integrity Report will be submitted to the Dean of Graduate Studies to be placed in your university file, with copies provided to you, the department head, and the Dean of Rockefeller College.

Students may appeal a grade on a specific assignment within two weeks of the assignment being returned. To submit an appeal, the student should return the original graded assignment and a letter/memo outlining why you think the grade should be changed. Appeals must be submitted on paper, typed-written. In the appeal, students must identify 1) the specific issue you believe should be reconsidered and 2) evidence from assignment instructions, assigned readings, lectures, or other materials that would indicate your original submission is worthy of a higher grade. Be aware that your grade may go up, down, or remain the same as a result of your appeal.

Students with needs consistent with the Americans with Disability Act should inform the instructor during the first week of class so that reasonable accommodations can be made.

Cellphones are not allowed to be used in classroom. You can use your laptop or tablets only for taking notes, reading class materials, or doing in-class exercise. No other programs are allowed in class.

IV. Class schedule:

The course generally will follow the tentative schedule listed below. The calendar is subject to change. Any revision will be announced on the Blackboard or through email.

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics</th>
<th>Assignments due</th>
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<tbody>
<tr>
<td>1</td>
<td>January 23</td>
<td>Introduction &amp; review of financial management in public sector</td>
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<tr>
<td>2</td>
<td>January 30</td>
<td>Basics of Government Finance</td>
<td>Reading notes #1</td>
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<tr>
<td>3</td>
<td>February 6</td>
<td>Fiscal stress and cutback management</td>
<td>Reading notes #2</td>
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<tr>
<td>4</td>
<td>February 13</td>
<td>Revenues I</td>
<td>Reading notes #3</td>
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<tr>
<td>5</td>
<td>February 20</td>
<td>Revenues II</td>
<td>Reading notes #4</td>
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<tr>
<td>6</td>
<td>February 27</td>
<td>Budget systems and reforms</td>
<td>Reading notes #5</td>
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<tr>
<td>7</td>
<td>March 6</td>
<td>Budget systems and budget analysis</td>
<td>Reading notes #6</td>
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<td></td>
<td>March 13</td>
<td>Spring break – no class</td>
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<tr>
<td>8</td>
<td>March 20</td>
<td>Presentation of the budget I</td>
<td>Project I due</td>
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<tr>
<td>9</td>
<td>March 27</td>
<td>Budgeting process</td>
<td>Reading notes #7</td>
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<td>10</td>
<td>April 3</td>
<td>Capital budget and infrastructure finance</td>
<td>Reading notes #8</td>
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<td>April 10</td>
<td>Passover – no class</td>
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<tr>
<td>11</td>
<td>April 17</td>
<td>Municipal bonds and debt management</td>
<td>Reading notes #9</td>
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<tr>
<td>12</td>
<td>April 24</td>
<td>Financial issues with retirement systems</td>
<td>Reading notes #10</td>
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<tr>
<td>13</td>
<td>May 1</td>
<td>Intergovernmental aids and grants</td>
<td>Reading notes #11</td>
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READING ASSIGNMENTS

CLASS 1: Introduction

CLASS 2: Basics of government finance and budgeting
- Public budgeting systems Chapter 1, Chapter 2
- User’s guide to executive budget documents (Blackboard)

CLASS 3: Fiscal stress and cutback management
- Governor’s memo (Memo 4) (Blackboard)
- The Urban Institute “How are states responding to fiscal stress?”
- CBO “Fiscal Stress Faced by Local Governments”
- Brown “The 10-point test of financial condition: toward an easy-to-use assessment tool for smaller cities"

CLASS 4: Revenues structure
- Public budgeting systems Chapter 5 & 6

CLASS 5: Revenue forecasting
- RIG “States’ Revenue Estimating: Cracks in the Crystal ball” (1-35) (Blackboard)
- Kavanagh & Iglehart “Structuring the Revenue Forecasting Process” (Blackboard)
- Willoughby and Guo “The state of art: revenue forecasting in U.S. state governments” in Government Budget Forecasting: Theory and Practice

CLASS 6: Budgeting for expenditures and programs
- Public budgeting systems Chapter 7 (pp. 194-208; pp. 217-225)
- Mikesell “Budget methods and practices” (Blackboard)
- Bland “Budgeting for improved performance” (Blackboard)

CLASS 7: Budget documents and budget analysis
- Public budgeting systems Chapter 8 (pp. 241-248; 253-268)
- Lewis & Hildreth “How to read a local budget” (Blackboard)
- Case study: Campenni and Khan “Budget Analysis: A study in the budgetary practices of a small community” (Blackboard)

CLASS 8: Presentation of project I

CLASS 9: Budgeting process
- Public budgeting systems Chapter 4
- NASBO “Budget processes in the states” (pp. 1-26) (Blackboard)
- Memos to the Governors (Memo 3 Preparing the executive budget; Memo 5 Budget Tactics: Laying the groundwork for adoption) (Blackboard)
CLASS 10: Capital budget and infrastructure management
- Public budgeting systems Chapter 13
- NASBO “Capital budgeting in the states” (Blackboard)

CLASS 11: Municipal bonds and debt management
- Public budgeting systems Chapter 14
- Case study: Johnson and Mikesell “The Orange County Debacle: Where Irresponsible Cash and Debt Management Practices Collide” (Blackboard)
- Winegarden “Going Broke One City at a Time: Municipal Bankruptcies in America” (Blackboard)

CLASS 12: State and local retirement systems
- PEW “A Widening gap in Cities: Shortfalls in funding for pensions and retiree health care” (Blackboard)
- Morningstar “The State of State Pension Plans 2013: A Deep Dive Into Shortfalls and Surpluses” (Blackboard)
- Brookings “Improving Public Pensions: Balancing Competing Priorities” (Blackboard)

CLASS 13: Intergovernmental aids and grants
- Public budgeting systems Chapter 15
- Optional: Paul Smoke “Fiscal Decentralization in developing countries.” (United Nations Research Institute for Social Development)

CLASS 14: Presentation of project II