"Everybody talks about policy, but what they mean is money"

--Lee Dubridge

"Budgets are not merely affairs of arithmetic. In a thousand ways they go to the root of the prosperity of individuals, the relation of classes, and the strength of kingdoms."

-William Gladstone

This course provides a hands-on introduction to the economic and financial analysis techniques and concepts underlying the process by which public spending and taxing decisions are made and implemented. The major case material for this introduction will be the budget process in the state of New York. Working in teams, students will apply the concepts presented in class to the budgets of one of more New York state agencies and will prepare analyses and reports similar to those assigned to working budget analysts.

Requirements

Much of the work in the class will be budget analyses similar to those done in legislative and executive budget agencies. In the first period, you will select a New York State agency on whose budget you will produce four products, three written and one oral.

The first written product, which will be due sometime in the middle of the semester will be a 12-15 page paper which reviews major budget trends—both revenues and expenditures—for your agency for the last three years. The second, which will be due shortly thereafter, will be an assessment of Governor Cuomo’s executive budget for your agency for state FY 2013, which should be coming out in just a few days. The third written product will be an assessment of federal aid for your agencies and the consequences of the expiration of the federal stimulus package funding for your agency’s finances and programs.

The oral product, which will be presented on the last day of class or during the time scheduled for the final, is still open at this point. If the state has a final budget by this point, you will be expected to present an evaluation of this budget; if not, we will need to formulate a Plan B. I have set aside a class period for consultation and fine-tuning of these presentations, with the last class period reserved for the presentation of these briefings to the entire class. Part of your grade on the briefing will consist of evaluation by the class as a whole.

My expectations for these products are distinctly high. The major point of this course is for you to acquire the skills required to function effectively as a professional budget analyst, which means you can function independently without me having to spell out in detail everything you should do. While the
major focus should be on understanding and explaining your budget, you will also be expected to
understand and incorporate into your analyses related policy proposals which will affect your budget. A
group working on K-12 education, for example, should understand how the recently enacted property
tax cap affects the school districts who get state funds. As another example, a group working on
transportation should understand the various proposals now in play for public private partnerships to
renovate or rebuild roads and bridges and be prepared to explain the pros and cons of each..

In similar fashion, you will be expected to apply the concepts you have learned in other finance
and economics classes in your analyses of your budget. Claims about the effects of tuition or student
fee increases on SUNY enrollments, for example, are about price elasticities of demand, and you will be
expected to address these claims as appropriate with relevant research. Claims about the consequences
of closing prisons or juvenile justice facilities require you to understand the difference between fixed
and variable costs. I will be available to help you get started, but you will be expected to use your own
initiative to identify and address these problems.

Books

There are no textbooks for this course. Most of the budget material that you will be using is on
line either at the DOB website or on department websites. Potentially useful material is also available on
the Web sites of various think tanks and research institutes, trade associations, and interest groups.
Students are also expected to read the Metro section of the New York Times and the “Capitol
Confidential” blog of the Albany Times Union, where state political developments are covered,
regularly. I have assigned a few recent reports that should be of interest, and I will be sending around
material from various places that crosses my desk and is relevant to one group or another. I can be of
some help in getting you started on finding what’s relevant to your agencies, but again, it’s your
responsibility to run down what you need. Google is a very useful tool in this regard.

Class Format

The class format will vary over the course of the semester. The first several sessions will be run
in semi-workshop fashion and focused on getting everybody up to speed on their agencies and their
budgets to develop spread sheets and prepare for the analyses. I will be lecturing some to make sure
everybody remembers about fund accounting and such matters, understands their budget layouts, has a
handle on where to find information, and the like. I will be meeting with each group at least a couple of
times in class and be available outside of class if that’s needed.

The second part of the class will be run in more conventional lecture/discussion format and will
focus on broader, cross-cutting issues of budget politics and process and those budget issues that I think
everybody needs to know something about—e.g., Medicaid and other entitlements. I want to schedule
at least a couple of workshop class sessions around particular deliverables, so I haven’t completely filled
out the semester. I haven’t assigned much reading for this part of the course—mostly about current
NYS budget debates that may be of interest because I want you to focus on your assignments, but I do
expect you to attend, pay attention, and contribute to the discussion based on your work for your
assignments. I may also add to the syllabus if something particularly useful crosses my desk. If it
becomes apparent that people are blowing off this part of the course, I reserve the right to assign
additional reading, quizzes, and other incentivizing devices.
Grades

Grades in the course will be assigned according to the following weights:
1. Analysis of Historical Budget Trends 30%
2. Analysis of Governor’s Budget 20%
3. Federal Aid Analysis 20%
4. Budget Briefing 25%
5. Group Performance Evaluation 5%

I have given heavier weight to the first and last products based on the amount of work required to produce them. The members of each group will be asked to evaluate the performance of group members as a hedge against free-riders, and part of your group’s grade on the budget briefing will come from the class as a whole.

TOPICS AND ASSIGNMENTS (All required)

January 19 --Introduction and Housekeeping

Group Assignments and Initial Organization

Handout "Budget Analysis: Some Practical Considerations: Part I: Getting Started"

January 26 -- Basics of Government and Budget Accounting

New York State Executive Budget, FY2010, "A Guide to the Tables"

February 2 --Basics of Budget Analysis--Baselines and other things

Handout "Budget Analysis Part II: Basic and Advanced Crunching"

February 9--Public Revenue and Expense I--What Makes Budgets Move


February 16--Revenue and Expense II

February 23---State and Local Capital Budgeting

Office of the State Comptroller, “Controlling Risk Without Gimmicks: New York’s Infrastructure Crisis and
Public-Private Partnerships“ (January 2011)
http://www.osc.state.ny.us/reports/infrastructure/pppjan61202.pdf

March 1/8-Budget Procedures, Processes, and Politics

Rockefeller Institute of Government. “Giving and Getting: Regional Distribution of Revenue and Spending in the New York State Budget, Fiscal Year 2009-2010”

March 15—No class

March 29--Budgeting for Entitlements—Medicaid, Medicare and Public Pensions

http://www.pewcenteronthestates.org/uploadedFiles/Pew_pensions_retiree_benefits.pdf

Citizens’ Budget Commission “A Poor Way to Pay for Medicaid: Why New York Should Eliminate Local Funding for Medicaid” (December 2011)

March 31 - Budgeting as Management--The Mechanics and Politics of Internal Control-

April 5—Budget Workshop—What’s on Table?

April 12—Budgeting as Management—The Mechanics and Politics of Internal Control

April 19--Paying for Performance--the Mechanics and Politics of Budget Reform --

April 26 --Budget Presentation Workshop—Fine tuning, advising, etc.

May 3--last day of class -- Budget Presentations