PAD 642 Public Budgeting

(Spring 2018)

Instructor: Gang Chen
Class format: On-line
Office hours: By appointment
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Office number: 518-442-5284
Email: gchen3@albany.edu

I. Course Description:

This is an elective MPA course focusing on budgeting process and financial management in U.S. state and local governments. 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.

On-line format

In this semester, this course is offered in an on-line format. The instructor will make every effort to let the students have the same experience as in an in-person class.

Throughout the semester, we will discuss 12 topics in 12 weeks. For each week, you will follow these four steps to learn each topic:
Step 1: Finish required reading. Usually there are three pieces of articles/chapters to show different aspects of a topic.
Step 2: Synthesize what you learn from reading, and post your reading notes on discussion board.
Step 3: Watch lecture video.
Step 4: Finish a homework task using that you learn from the reading and the lecture video. The task is also related to your budgeting projects.
You will finish two budgeting projects in this semester. The first project is about local
government budgeting issues, and the second project focuses on the New York State budgeting
process. In each week, I will assign some tasks for you to write about a certain part of the
project. Working on the projects is a way to help you understand the topic we introduce in that
week. In the midterm week and final week, you will have a week to finish the project. Detailed
instruction about the projects will be released in separate documents.

Interaction is the key for the success of teaching and learning. Interaction between students and
the instructor and among the students is important for this on-line course. There are many
opportunities for your to participate in interactive discussion. You are expected to join the
weekly discussion on Blackboard and post your questions/feedback on the Q&A forum. You are
couraged to make appointment with me and discuss questions you might have on the course
materials and course projects with me in my office.

Required Textbook

Lee, R. D. Jr., Johnson, R. W., & Joyce, P. G. Public budgeting systems (9th ed.). Sudbury, MA:
Jones and Bartlett Publishers.

In addition to the textbook, supplementary readings will be posted on blackboard at least one
week prior to the class.

Grading and assignments:

1. Participation (10%). You will earn participation points by:
   a. Replying to other students’ posts on the discussion forum.
   b. Posting questions/feedback about the lecture videos.
   c. Discussing about the projects on Blackboard.
   d. Participating in other activities that will be announced during the semester.

2. Weekly assignments (20%). Every week, students should finish reading assignments
   and post reading notes (400-500 words) on Blackboard discussion forum. 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. There are a total of 12
   reading posts. I will assess your post every week and assign a grade (1-10).

3. Local government budgeting project (35%). To finish this project, you will pick a city
   or county government in New York State that is currently experiencing fiscal stress.
   You will assess its financial conditions, analyzing the sources of fiscal stress, identify
   possible issues in its budgeting process, and propose potential solutions for this
government to overcome the challenges. The grade for this project is given based on
my assessment of your weekly homework and the project report.
4. New York State agency budgeting project (35%). To finish this project, you will pick a major New York State agency, and analyze its proposed budget and enacted budget. Throughout the semester, you will closely follow the state budgeting process and pay attention to what happened in this year’s budget negotiations. The grade for this project is given based on my assessment of your weekly homework and the project report.

5. Grade: Final grades will be based on participation, reading posts and semester projects. Final letter grades will be assigned as followed:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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</thead>
<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>
</tr>
<tr>
<td>B-</td>
<td>80%</td>
</tr>
<tr>
<td>C+</td>
<td>77%</td>
</tr>
<tr>
<td>C</td>
<td>73%</td>
</tr>
<tr>
<td>C-</td>
<td>70%</td>
</tr>
<tr>
<td>D+</td>
<td>67%</td>
</tr>
<tr>
<td>D</td>
<td>60%</td>
</tr>
<tr>
<td>E</td>
<td>59% and below</td>
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</table>

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.

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>The week of</th>
<th>Topic</th>
<th>Topics</th>
<th>Assignments due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/29/2018</td>
<td>1 Basics of Government Finance and budgeting</td>
<td>Reading post 1</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 1</td>
</tr>
<tr>
<td>2/5/2018</td>
<td>2 Budgeting processes in federal, state and local governments</td>
<td>Reading post 2</td>
<td></td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 2</td>
</tr>
<tr>
<td>2/12/2018</td>
<td>3 Fiscal stress and cutback management</td>
<td>Reading post 3</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 3</td>
</tr>
<tr>
<td>2/19/2018</td>
<td>4 Taxation I</td>
<td>Reading post 4</td>
<td></td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 4</td>
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<tr>
<td>2/26/2018</td>
<td>5 Taxation II</td>
<td>Reading post 5</td>
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<td></td>
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<td>Introduction post</td>
<td>Homework 5</td>
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<tr>
<td>3/5/2018</td>
<td>6 Revenues forecasting</td>
<td>Reading post 6</td>
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<td>Introduction post</td>
<td>Homework 6</td>
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<tr>
<td>3/12/2018</td>
<td>Spring break</td>
<td>Project I report</td>
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<tr>
<td>3/19/2018</td>
<td>Local government budgeting project</td>
<td>Project I report due</td>
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<tr>
<td></td>
<td>(No reading, lecture or post)</td>
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<tr>
<td>3/26/2018</td>
<td>7 Budget documents and presentation</td>
<td>Reading post 7</td>
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<td></td>
<td>Introduction post</td>
<td>Homework 7</td>
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<tr>
<td>4/2/2018</td>
<td>8 Budget systems and reforms</td>
<td>Reading post 8</td>
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<td>Introduction post</td>
<td>Homework 8</td>
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<tr>
<td>4/9/2018</td>
<td>9 Capital budget and infrastructure finance</td>
<td>Reading post 9</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 9</td>
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<tr>
<td>4/16/2018</td>
<td>10 Municipal bonds and debt management</td>
<td>Reading post 10</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 10</td>
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<tr>
<td>4/23/2018</td>
<td>11 Financial issues with retirement systems</td>
<td>Reading post 11</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 11</td>
</tr>
<tr>
<td>4/30/2018</td>
<td>12 Intergovernmental aids and grants</td>
<td>Reading post 12</td>
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<td></td>
<td></td>
<td>Introduction post</td>
<td>Homework 12</td>
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<tr>
<td>5/7/2018</td>
<td>State agency budgeting project (No reading, lecture or post)</td>
<td>Project II report due</td>
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<td></td>
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<td>Project II report</td>
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</tbody>
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READING ASSIGNMENTS

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

TOPIC 2: 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)

TOPIC 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”

TOPIC 4: Taxation I
- Public budgeting systems Chapter 5 & 6

TOPIC 5: Taxation II
- TBA

TOPIC 6: 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

TOPIC 7: Budget documents and budget analysis
- Public budgeting systems Chapter 8
- 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)

TOPIC 8: Budgeting for expenditures and programs
- Public budgeting systems Chapter 7
- Mikesell “Budget methods and practices” (Blackboard)
- Bland “Budgeting for improved performance” (Blackboard)

TOPIC 9: Capital budget and infrastructure management
- Public budgeting systems Chapter 13
• “Growing Cracks in the Foundation: Local Governments are Losing Ground on Addressing Vital Infrastructure Needs”
• “Private Financing of Public Infrastructure: Risks and Options for New York State”

**TOPIC 10: Municipal bonds and debt management**
• *Public budgeting systems* Chapter 14
• Debt Impact Study: An Analysis of New York State’s Debt Burden
• Winegarden “Going Broke One City at a Time: Municipal Bankruptcies in America” (Blackboard)

**TOPIC 11: 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)

**TOPIC 12: Intergovernmental aids and grants**
• *Public budgeting systems* Chapter 15
• Optional: Paul Smoke “Fiscal Decentralization in developing countries.” (United Nations Research Institute for Social Development)