

**PAD 642 Public Budgeting***(Fall 2015)*

Instructors: Gang Chen & Robert Mujica  
Class time: Wednesday 5:45PM - 8:35PM  
Class location: Husted Hall 006  
Office hour: By appointment  
Office location: Milne Hall 319  
Office number: 518-442-5284, Cellphone: 518-221-3544  
Email: Gang Chen ([gchen3@albany.edu](mailto:gchen3@albany.edu))  
Robert Mujica ([Robertfmujica@outlook.com](mailto:Robertfmujica@outlook.com))

**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. 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 budget analysis accounting for political, economic and organizational factors.

***Co-teaching:*** This course is taught by two instructors. This “scholar-practitioner” co-teaching approach will emphasize both academic training and practical application of budgeting and financial management knowledge and skills. The instructors will lecture for different topics and play different roles in leading class discussion. Both instructors will assign reading materials and give comments on students’ assignments. This course is ideal for students who are interested in the financial aspect of government management and will prepare students for related positions in state and local governments.

**Required Textbook**

Lee, R. D. Jr., Johnson, R. W., & Joyce, P. G. *Public budgeting systems* (9th ed.). Sudbury, MA: Jones and Bartlett Publishers. **(Available at the Mary Jane Bookstore and the University Bookstore)**

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 instructors are happy to provide a reading list. 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 board before the class meeting. For each week, the instructors will post a set of questions that provide a framework for class discussion and to guide the student in the readings. 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. Students will pick a government or government agency and put together a budget for the upcoming fiscal year using the knowledge they learned from this course. The two projects focus on different aspects of a budget. 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:

Grade	Percentage
A	93%
A-	90%
B+	87%
B	83%
B-	80%
C+	77%
C	73%
C-	70%
D+	67%
D	60%

E	59% and below
---	---------------

### 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](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.

Class	Date	Topics	Assignments due
1	August 26	Introduction & review of financial management in public sector	
2	September 2	Basics of Government Finance	Reading notes #1
3	September 9	Budgeting process	Reading notes #2
4	September 16	Revenues I	Reading notes #3
5	September 30	Revenues II	Reading notes #4
6	October 7	Budget systems and reforms	Reading notes #5
7	October 14	Budget documents and budget analysis	Reading notes #6
8	October 21	Presentation of the budget I	Project I due
9	October 28	Financial condition and cutback	Reading notes #7

		management	
10	November 4	Capital budget and infrastructure finance	Reading notes #8
11	November 11	Municipal bonds and debt management	Reading notes #9
12	November 18	Financial issues with Medicaid and retirement systems	Reading notes #10
13	December 2	Intergovernmental aids and grants	Reading notes #11
14	December 9	Presentation of the budget II	Project II due

**CLASS 1: Introduction and review****Review topics:**

- Fund structure
- Elements of a budget
- Revenues and expenditures for federal, state and local governments
- Budget variance, budget solvency

**Reading assignments:**

- Syllabus

**CLASS 2: Basics of Government Finance**

- Why should government be involved in certain activities? Why should the government fund or regulate certain activities?
- What are the functions of a budget?
- What are differences between a governmental budget and a private budget?

**Reading assignments:**

- *Public budgeting systems* Chapter 1, Chapter 2
- *User's guide to executive budget documents* (Blackboard)

**CLASS 3: Budgeting process**

- Who are the key participants in the budget process?
- What are the key activities in the budget process?
- What are the current challenges of the budget process in the state governments?

**Reading assignments:**

- *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 4 & 5: Revenues:****Discussion Questions:**

- What are the principles of taxation?
- What are the techniques for revenue forecasting?
- What are the common reasons for errors in revenue forecasting?

**Reading assignments:**

- *Public budgeting systems* Chapter 5 & 6
- New York State Tax Reform and Fairness Commission Report (2013)
- 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: Budget for expenditures and programs****Discussion Questions:**

- Discuss your understanding of current service budget, fixed-ceiling budget, open-ended budget, performance budget, zero-based budget.
- How to budget for expenditures?
- What to look at when reviewing a budget?

**Reading assignments:**

- *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**

- What is the balanced budget requirement and its influence?
- How to conduct budget analysis based on budget documents?

**Reading assignments:**

- *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 Budget I****CLASS 9: Financial condition and cutback management**

- How to measure the financial condition of a government?
- What cutback strategies can a government adopt to deal with fiscal stress?

**Reading assignments:**

- 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 10: Capital budget and infrastructure management**

- What are the features of a capital project?
- Why do we need a separate capital budget?
- What are the possible ways to fund a capital project?

**Reading assignments:**

- *Public budgeting systems* Chapter 13
- Office of the State Comptroller, “Controlling Risk Without Gimmicks: New York’s Infrastructure Crisis and Public-Private Partnerships” (Blackboard)
- NASBO “Capital budgeting in the states” (Blackboard)

**CLASS 11: Municipal bond and debt management**

- What are the important features of a governmental bond?
- What factors affect a government's debt capacity?
- What influence the credit rating of a government?

**Reading assignments:**

- *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**

- What are the major problems in state and local pension systems?
- What cause the problems?
- What are the possible solutions?

**Reading assignments:**

- 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**

- What are the types of intergovernmental aids/grants?
- What are the influences of fiscal centralization and decentralization?

**Reading assignments:**

- *Public budgeting systems* Chapter 15
- Optional: Paul Smoke "Fiscal Decentralization in developing countries." (United Nations Research Institute for Social Development)

**CLASS 14: Presentation of Budget II**