

Public Budgeting and Finance – PA 305 Fall 2011

“There will always be the dark and tangled stretches in the decision-making process – mysterious even to those who may be most intimately involved.” (John F. Kennedy - 1963)

“[T]he absorption of energies in the establishment of the mechanical foundations for budgeting has diverted attention from the basic budgeting problem ..., namely: On what basis shall it be decided to allocate x dollars to activity A instead of activity B ?” (V. O. Key – 1940)

Instructor: Richard H. Cate (richard.cate@uvm.edu; 656-0219). As I am an adjunct lecturer, I will not be conducting office hours but you may email your questions to me at any time. **Please put “PA 305” in the subject box of any emails that you send to me.** If you want to have a conversation, we can arrange by email a convenient time to talk.

Getting Started: On the first night of class, everyone should be prepared to answer the following question: *Who are you and what experiences do you bring to this semester-long discussion about public budgeting and finance?* Please complete the attached questionnaire. At our first class, I will ask each of you to briefly present this information to the class.

Required Texts and References:

- Smith, Robert W. and Lynch, Thomas D. *Public Budgeting in America* (2004). Pearson Prentice Hall. ISBN 0-13-097993-7.
- National Association of State Budget Officers (NASBO). *Budget Analyst Training Program* – at Blackboard
- Rubin, Irene. *The Politics of Public Budgeting* (2009). Congressional Quarterly Inc. ISBN 1604264616
- Key article – at Blackboard.
- Sucher article – at Blackboard.
- *Budgeting in the State of Disequilibrium* student manual – at Blackboard.
- Budget Game – at Blackboard.
- Other contemporary readings will be assigned throughout the semester.
- Although it is not an absolute requirement please bring to class your laptop computer if you have one, preferably with Excel or some open source software equivalent.

Course Introduction: This course is designed to provide you with the knowledge and skills to embark into the world of public and non-profit budgeting. We will learn the language and mechanics of this enterprise, which some call science and others describe as art. We will also examine the roles of the various budget makers and how they make the decision to which Key referred almost seventy years ago.¹ The budget decision-making process is indeed mysterious² to many, but it is the job of public administrators, elected officials and non-profit leaders to make the process as transparent as possible for the people that provide the funding. I want you to learn

¹ Key, V. O. (1940). "The Lack of a Budget Theory." American Political Science Review.

² Kennedy, J. F. (1963). "Forward to Theodore C. Sorenson in Decision Making in the White House."

to embrace, the decision-making process, the numbers and the concepts even if you don't consider yourself to be a "numbers' person."

Course Process: Part of each class will include a discussion about the week's readings and another portion will be dedicated to a discussion of budget-related current events. Please bring to class each week at least one budget-related (public, non-profit or private sector) current events article from the web or newspaper to help stimulate discussion. In addition to an article, you should bring probing questions about budgeting and financial management. Some questions may be stimulated by the readings and others from your personal experience. If none of us know the answer, we will find the answer together. Any question is a good question and if, over the course of time, you don't ask a question I will be calling on you randomly to ask your question(s). We have an opportunity to learn from each other and we do not want to squander this opportunity.

There will also be a writing assignment each week. Take a point raised in the week's readings and expand on it or argue against it in a two-page paper (1.5 line spacing, 1" margins and 12 point font – Times New Roman font). You should use appropriate references from any of the readings but do not overuse quotations. Most weeks, two people will be selected at random to present (not read) the content of their papers. While one of the two people is presenting, the other will act a respondent. The presenter will have five minutes to make her/his case and then the respondent will have three minutes to either support or argue against the presenter's point and to ask probing questions. If the respondent agrees with the presenter, it will not be sufficient to simply note agreement. The respondent must draw on knowledge of the readings to make additional points in support of the presenter's case. After the presentation and response, the entire class will have an opportunity to pose questions to the presenter or the responder. Please note that this is not an opportunity to critique either the presenter or the respondent, it is a time for individual students to demonstrate their knowledge of the readings and their ability to communicate. The ground rules for this and any other class discussion are:

- Always treat and speak to your classmates with respect regardless of how strongly you disagree with them.
- Listen to what others have to say and be prepared to respond to their input.
- Make your points with as few words as necessary so that others have an opportunity to participate. This should also help you learn how to get your message across in a clear and succinct manner.
- Even though you should keep your comments succinct, one-liners will not suffice.
- Think outside the box; be creative; there is no one right answer, so don't bother looking for one.

We will also journey to the State of Disequilibrium and with its budget dissection and inquiry process, using "The Budget Game" that you will find at Blackboard. Please note that, due to the time that has elapsed (20 years) since the student manual was penned, some of the procedural directions are outdated. However, because Excel is able to convert the old DOS based Lotus spreadsheet, the macros (Alt A through Y) described in the manual are now tabs in the contemporary Excel spreadsheet and we are able to continue to use this budget tool to our best advantage two decades later. I will bring forward for your consideration different budget scenarios, the ramifications of which we will discuss. At selected times, you too will be asked to bring forward budget scenarios for us to consider. We will put budget cases up on the screen and examine how the scenarios affect the budget and what you as public/nonprofit budget managers would suggest as remedies. This work will also help you to learn the basics of Excel if you are

not currently familiar with them. I will be asking you to do some budget exercises in class so please bring your laptops every week. We will also discuss the scenarios in the context of the Sucher case, “Moral Reasoning: Integrating Moral Deliberation into Decision Making.” Consider each case scenario from the viewpoint of a stakeholder either engaged in or affected by the budget decisions that are being made. For some scenarios, I will assign particular roles to individual students to test your ability to consider the perspectives of people who would actually be involved in the budget decision making process. I will act as facilitator for the discussions.

It is important to note that attendance will play a significant role in your grade, as points will be assigned based on your demonstrated content knowledge and your participation in all discussions. If for any reason you have to be absent from class, please send me an email in advance so that I can take your circumstances into consideration when calculating your participation grade. Please treat this aspect of class involvement as you would in dealing with your employer.

The remainder of your grade will be derived from a mid-term exam and a final budget analysis paper, which will include an in-class presentation. The final paper will consist of a 5000 + word paper (same formatting requirements as weekly papers) with appropriate charts and tables. You will choose a real public or non-profit organization’s budget upon which to conduct your analysis. Please make your selection known to me by September 20th. Your paper should include, at a minimum, the following elements:

- A history of the organization and its budgetary evolution
- An overview of the organizational structure and functions
- A discussion of any peer organizations and the relative stance of this organization amidst its peers.
- A presentation of the elements of its budget
- An analysis of the budget issues confronting the organization
- Your recommendations for addressing any challenges

Do not present an itemized list of responses to these elements – tell the story of the organization with special emphasis on its budget, while addressing them.

Our last two classes will be devoted to final paper presentations. You will have 10 minutes for your presentation and the class will have 3 minutes for questions and discussion. You will likely want to use PowerPoint (no more than 12 slides) or other visual aids for your presentation.

Class Schedule:

August 30th – **Introduction to Public Budgeting and Finance.** Review of Sucher and Key articles and the State of Disequilibrium; Excel proficiency determination; an introduction to the Game. No weekly paper due.

September 6th – **Format, Fundamentals and Context.** Lynch, chapters 1 & 2; NASBO, introduction & module 1; Rubin, chapter 1; a Game exercise.

September 13th – **The Operating Budget.** Lynch, chapter 7; NASBO, module 2; Rubin, chapter 5; and a Game exercise.

September 20th – **History, Economics and Behavior.** Lynch, chapters 3 & 4; Rubin, chapter 3; NASBO, modules 3 & 4; and a Game exercise.

September 27th – **Revenue.** Lynch, chapter 9; Rubin, chapter 2; NASBO, module 5; and a Game exercise.

October 4th – **Analysis and Analytical Process and Methods.** Lynch, chapters 5&6; NASBO, module 6&7; Rubin, chapter 4; and a Game exercise.

October 11th - **The Capital Budget and Debt.** Lynch, chapter 8; NASBO, modules 8 & 9; and a capital budget exercise.

October 18th – **Midterm exam (no weekly paper due).**

October 25th – **The Budget Decision.** Rubin, chapter 9; group budget decision exercise with the Game.

November 1st – Assignment outside the classroom (no readings)

November 8th – **The Political Side of the Budget Decision** – Rubin, chapter 7; other readings to be assigned.

November 15th – **The Federal Budget** – Rubin, chapter 6; and NASBO Module 10.

November 22nd – **Thanksgiving Recess**

November 29th – **Rules and Ethics in Budgeting**– Rubin, chapter 8; Sucher Article; and NASBO, modules 11, 12 & 13.

December 6th – **Final presentations. Final papers due.**

December 13th – **Final presentations.**

Grading:	Weekly papers	- 30 points
	Mid-term exam	- 20 points
	Participation & weekly presentation	- 25 points
	Final paper & presentation	- 25 points

Course Competencies: This course extensively covers the following core Master of Public Administration competencies as major themes:

- 1a. Capacity to understand accountability/ democratic theory
- 1b. Capacity to understand the governance structures of government, non-profits and for-profits
- 1c. Capacity to identify and eventually manage public, private, non-profit collaboration/overcome conflicts
- 1d. Capacity to understand and apply administrative authority (top down/bottom up/lateral)
- 2a. Capacity to understand political theory & practice

- 2b. Capacity to understand and apply policy streams, cycles, systems foci upon past, present and future policy issues
- 2c. Capacity to understand how problem identification impacts public administration
- 2d. Capacity to understand and carry out effective policy implementation
- 2e. Capacity to directly or indirectly undertake policy analysis/evaluation
- 3e. Capacity to understand and apply sound financial planning & fiscal management practices
- 4c. Capacity to understand the value of professional integrity/ethics in PA practice
- 4d. Capacity to understand and eventually demonstrate the value of leadership to PA practice
- 4e. Capacity to be or become a reflective practitioner
- 5a. Capacity to undertake high quality oral & written communication
- 5c. Capacity to be or become an active listener and responsive practitioner
- 5d. Capacity to understand the value of coalition & team building
- 5f. Capacity to directly or indirectly utilize information systems/technology in PA practice
- 5g. Capacity to understand the role of media & public relations in PA practice

This course also covers the following core Master of Public Administration competencies as minor themes:

- 4b. Capacity to understand the value of professional integrity/ethics in PA practice
- 5b. Capacity to understand and appreciate the value of pluralism, multiculturalism & cultural diversity

The course also exposes students to the following core Master of Public Administration competencies:

- 3a. Capacity to directly or indirectly employ quantitative and qualitative research methods
- 3b. Capacity to directly or indirectly undertake program evaluation/action research
- 3f. Capacity to understand and apply organizational learning & development principles into practice
- 5e. Capacity to understand and carry out effective human resource management

Academic Integrity: What follows was extracted from the UVM Code of Academic Integrity (<http://www.uvm.edu/policies/student/acadintegrity.pdf>). I will not say more on the subject except that, in spite of the fact that collaborative work and open book exams are part of this course, everyone is expected to abide by this code.

“All academic work (e.g., homework assignments, written and oral reports, use of library materials, creative projects, performances, in-class and take-home exams, extra-credit projects, research, theses and dissertations) must satisfy the following four standards of academic integrity:

1. Students may not plagiarize

Plagiarism is defined as: All ideas, arguments, and phrases, submitted without attribution to other sources, must be the creative product of the student. Thus, all text passages taken from the works of other authors (published or unpublished) must be properly cited. The same applies to *paraphrased* text, opinions, data, examples, illustrations, and all other creative work. Violations of this standard constitute plagiarism.

2. Students may not fabricate

Fabrication is defined as: All experimental data, observations, interviews, statistical surveys, and other information collected and reported as part of academic work must be authentic. Any alteration, e.g., the removal of statistical outliers, must be clearly documented. Data must not be falsified in any way. Violations of this standard constitute fabrication.

3. Students may not collude.

Collusion is defined as: Students providing, seeking or accepting information about any academic work to or from another student without the authorization of the instructor. Students may only collaborate on academic work within the limits prescribed by their instructors. Violations of this standard constitute collusion.

4. Students may not cheat.

Cheating is defined as: Students not adhering to the guidelines provided by their instructors for completing academic work. Students may not claim as their own work any portion of academic work that was completed by another student. Students may only use materials approved by their instructor when completing an assignment or exam. Students may not present the same (or substantially the same) work for more than one course without obtaining approval from the instructor of each course. Students must adhere to all course reserves regulations. Violations of this standard constitute cheating.”

Summation: I want this course to be a journey for all of you, one in which you are fully engaged in both the content and process. Budgeting is an essential element of every enterprise whether public, private or non-profit and I want you to gain an understanding of this craft, which will aid you in any enterprise you undertake. When we reach the end of this particular journey, I hope you feel that your investment of time and energy in this course has added value to your life experience.

Student Information Form

Name:

Email Address:

Contact Phone Number:

**Where were you born? Where did you attend elementary and high school?
From what college or university did you obtain your undergraduate degree?**

Higher Education:

Work Experience:

Other Experience or Interests: