

California State University, Sacramento  
Public Policy and Administration

**PPA 230**

**Public Budgeting and Finance**

Fall Semester 2005

Wednesday 6:00 pm – 8:50 pm

Alpine Hall 205

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**Introduction**

This course is designed to give you a basic understanding of the role of budgeting in the public sector. It covers budgeting at the federal, state, and local levels, but focuses on state and local budget and finance issues. Budgets are one of the most significant policy documents in the public domain. They reflect priorities, values, and power relationships. Although they have important technical aspects, budgets are fundamentally political statements. They reflect the choices that result from the political process. But the study of budgeting only begins with the production of a budget. Budgets, in their organizational contexts, are tools for organizational development and change. In addition to studying budgets as policy documents, we will study the managerial role and challenges in developing and implementing budgets. We will use actual budgets to illustrate budget development and implementation concepts throughout the course.

**Course Objectives**

Student learning objectives for the course are to:

- Develop an understanding of the political context of budget development and implementation, primarily at the state, and local levels;
- Develop a working knowledge of the California budget process, budget concepts, and budget terminology;
- Develop a working knowledge of Sacramento County budgeting history and practices, and of the Sacramento County experience with Performance Budgeting;
- Learn some basic skills in budget development, analysis, and implementation – including benchmarking, logic models, grant preparation, decremental budgeting (including rotating zero-base budgeting), Performance Budgeting, and Balanced Scorecard approaches to management and budgeting;

- Understand the role of budgets in the life of a state or local agency or department;
- Gain an understanding of budgets as tools for accountability; and
- Develop some basic skills in the selection and use of performance measures in the context of performance budgeting.

### **Format of Course and Expectations of Students**

This is a participatory seminar--not a lecture class. If you come expecting to be told what was covered in the readings, you will be disappointed and unsuccessful. Effective class discussions require that you do the reading and come prepared to share your questions and ideas with your classmates. In our class discussions we will relate the theories and concepts from the readings to our workday experiences as well as current events; this should be a great semester for budget watching!

- Most often we will have class discussions oriented toward issues raised in the readings. From time to time we will have student presentations, case studies, role-playing, in-class exercises, and guest speakers. The emphasis in class discussions will be on key issues and concept, and specific budgetary techniques – including (but not limited to) benchmarking, logic models, performance budgeting, grant preparation, incremental and decremental budgeting (including zero-base budgeting).
- This semester the PPA 230 Seminar is organized to emphasize clients, teams, and specific budgetary skills and deliverables. Seminar participants will be divided into four teams (with four seminar participants in each team). Each team will be assigned to a client, and each team will produce a portfolio for their client (due in Week # 15) including the following components
  1. A logic model
  2. Bench-marking measures, and
  3. A completed grant application.

Examples of successful benchmarking measures, logic models and grant applications from previous PPA 230 seminars are available from your professor.
- We will also emphasize – via class discussion, readings and the midterm and final assignments – a detailed analysis of the most pressing budgetary issue of our era, namely the seemingly endless presence of budgetary crisis and deficits. How (assuming that it is possible) can the public sector move through and beyond the current “permanent fiscal crisis” to a more stable, more accountable, more responsive governmental budgetary environment? This larger question is the primary normative and professional focus of our seminar this semester.

**Class Participation & Team Participation** 15%  
**Team-Based Client Budgeting Portfolio** 35%

Including construction by your team of the following deliverables for your Client:

- a Logic Model,
- budgetary benchmarking measures; and
- a grant proposal

Group portfolios are due in class on December 7th. Based on these client deliverables and participation by group members, a group grade (worth 35% of your overall seminar grade) will be assigned to everyone in your team. If there are problems with communication or workload sharing in your team, you need to:

- (a) Bring this to the attention of your team members as early as possible.
- (b) If this fails, you have attempted to address such problems (assuming that any such problems arise, which is unlikely given the historical track record of most PPA seminars), your professor will be happy to intervene to re-establish effective and successful teamwork norms and expectations.

**Mid-term** – Our in-class bluebook midterm exam is scheduled for **October 20th 12th**. The exam will be comprised of a short essay (think in terms of 1 – 1 and ½ bluebook pages) and a longer essay (think in terms of 5 plus bluebook pages) section. A review for the midterm and an accompanying handout will be distributed in class on the evening of October 5th.

**Final project** – A detailed Performance Budget (not to exceed 12 pages), **30%** for an existing or proposed state, local or non-profit program or activity. This should include a Five by Five Basic Budget. Include in your budget a discussion of strategic reviews & divesting; consolidations or smart mergers; right-sizing; rewarding good performance and not good intentions; and the inclusion of smarter work processes drawn from the "Tools from the Industry" section in chapter 13 in David Osborne and Peter Hutchinson, *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis*. **Due no later than 6 PM (via hard copy or email) on Dec. 14th.**

**Total** 100%

**Required Readings and Texts**

Osborne, David, and Hutchinson, Peter. 2005. *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis*, Paperback edition. New York: Basic Books, 2005.

Niven, Paul R. 2003. Balanced Scorecard Step-By-Step for Government and Nonprofit Agencies. Wiley, 2003.

Osborne & Hutchinson will be our primary text; however, several readings and resources sources are located on the Internet. Links to most of these Internet readings are provided in this syllabus. Please read assigned readings for class for discussion purposes. Note: additional readings may be assigned from time to time. For a quick introduction to the Osborne/Hutchinson POG (Priorities of Government) approach to budgeting see the discussion at: <http://www.awb.org/cgi-bin/absolutem/templates/?a=555&z=3>

In addition to the required readings, you are expected to stay current on fiscal issues by reading the Sacramento Bee ([www.sacbee.com](http://www.sacbee.com)) and Rough & Tumble ([www.rtumble.com](http://www.rtumble.com)).

<b>PPA 230 Budgeting and Finance - Topics and Assigned Readings</b>
<b>8/31 – Introduction to Seminar &amp; Assignments &amp; A Brief History of the Sacramento County Budgeting Experience – Roger Dickinson</b> <b>Assigned Reading:</b> Read the following article before the first class meeting - "The Development of Modern Budgeting, located on the Internet at: <a href="http://www.dof.ca.gov/fisa/bag/history.htm">http://www.dof.ca.gov/fisa/bag/history.htm</a> ,
<b>9/7 Meet the Clients:</b> Potential Non-Profit Groups for this semester include the following organizations: Family Development Center Healthy Kids/Healthy Families Bridge The Roberts The American River Parkway Foundation, or The American River Natural History Association
<b>9/14 Budget Tool # 1: Logic Models &amp; Benchmarking Measures</b> <b>Assigned Reading:</b> Read the explanation of logic models located at: <a href="http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf">http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf</a> Students will be assigned to Client Teams this evening.
<b>9/21 Interview the Clients</b> <b>TASK:</b> Each team will spend this evening interviewing your client in preparation for putting together a rough draft of a logic models & benchmarking measures useful for your clients. Think in terms of budget, programs & grant possibilities (potential funders & potentially-fundable programs).
<b>9/28 Overview of the California State Budget Process</b>  <b>Assigned Reading:</b> <a href="#">History of Budgeting</a> <a href="#">Description of California Budget Process</a> from Dept of Finance web site <a href="#">DOF Annual budget process flowchart</a>

[General Budget timetable](#) for California State Budget  
[Proposition 98 Introduction](#)

Current California Fiscal Issues

Structural issues, recent deficit, current solutions

Read the section on the “Living within our means budget control proposal,” at: <http://www.dof.ca.gov>. Click on Governor’s Budget, then Budget Summary, then Structural Reform. Read the Structural Reform explanatory material.

**10/5 Budget Tool # 2 - Zero-Base Budgeting, Five by Five Budgets & Performance Budgeting, Plus...**

**A Review for the Midterm Examination**

**Assigned Reading:**

Osborne, David, and Hutchinson, Peter. 2004. The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis For a quick intro to Osborne/Hutchinson POG (Priorities of Government) approach to budgeting see the discussion at

<http://www.awb.org/cgi-bin/absolutenm/templates/?a=555&z=3>

**10/12 In-Class Bluebook Midterm Examination**

**10/19 Sacramento County & Performance Budgeting: The View From Inside (I)- Roger Dickinson**

For background on this year’s Sacramento County budget, read:

[Fiscal Year 2005-06 Recommended Proposed \(Base\) Budget Letter](#), and [2005-06 Proposed Budget](#)

**10/26 Sacramento County & Performance Budgeting: The View From Inside (II)- Roger Dickinson**

Invited Guest Speakers

**11/2 Analyzing the Results of the Special Election –Implications for State & Local Budgeting - Roger Dickinson**

**11/9 Budget Tool # 3 Grant Preparation**

The seminar this evening is divided into two sections. In the first hour we will hold a Grant Preparation Workshop with a short course on grant writing and grant strategies.

**Assigned Reading** for the Grant Prep Workshop is: The Proposal Writing Short

Course published by the Foundation Center located at:

<http://www.fdncenter.org/learn/shortcourse/prop1.html>.

For the second half of the seminar this evening we will meet in teams and Interview the Clients about their grant-seeking preferences.

**TASK:** Following this seminar session your team should begin a rough draft of your grant objectives, deliverables, and client expectations

**11/16 Budget Tool # 4 - The Balanced Scorecard Approach****Assigned Reading:**

Balanced Scorecard Step-By-Step for Government and Nonprofit Agencies. Wiley, 2003. The first hour of the seminar this evening will be devoted to a discussion of the basic mechanics as well as the pros and cons of the Balanced Scorecard Approach to Management & Budgeting.

The remainder of the seminar will be reserved for a guest speaker on the following topic - Budgeting Advice from an Expert - "Good News & Bad News: My Experience Implementing the Balanced Scorecard Management Approach"

**Guest: To Be Announced**

**11/23 No Class this evening. THANKSGIVING BREAK**

**11/30 Teams Meet to Prepare Portfolio Presentation**

**12/7 Presentation of Portfolios to Clients, Assessment & Wrap-Up**

**Supervised by Roger Dickinson & Bob Waste**

**Portfolios due in class tonight & 15 minute Power Point presentations by each team.**

**12/14 Final Projects (5x5 performance budgets) due this evening (in hard copy or electronic form) by 6 PM.**

**Public Budgeting Management Tool Kit**

PPA 230 Public Budgeting is designed with the express purpose of insuring that the following "tools" will be solidly in place in your professional "tool kit" - Use of:

- Price of Government (POG) strategies – including performance budgeting and 5x5 budgeting – for public budgeting
- Balanced Scorecard strategies for public budgeting
- Rotating Zero-Base Budgeting (R-ZBB) strategies for public budgeting
- Logic Models
- Theories of Change
- Back-of-the-Envelope Benchmarking Indicators & Evaluation Process
- Off-Budget Grant-writing Strategies & Experience
- Familiarity with the California State Budget Process & Timeline
- Familiarity with Recent State & Local Budgetary Reform Proposals