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 at the federal, state, and local levels;
- Develop a working knowledge of the California state & local budget process, budget concepts, and budget terminology; [1]

[1] This semester, the PPA 230 Budgeting Seminar has the good fortune to have as a Co-Instructor, Robert Thomas. Mr. Thomas – a Sac State alum, is former Chief Administrative Officer of Sacramento County, and recently-retired from the position of City Manager of the City of Sacramento. During his tenure, Mr. Thomas earned a reputation for developing high-performing and sustainable budgets.
• Learn some basic skills in budget development, analysis, and implementation – including benchmarking, logic models, grant preparation, and decremental budgeting (including rotating zero-base 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;
• Develop some basic skills in the selection and use of performance measures in the context of performance budgeting; and
• Improve applied communication skills, including individual and group verbal and written PowerPoint presentation of budgetary information.

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, grant preparation, 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 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: (Examples from previous PPA 230 seminars are available from your professor).
  1. Benchmarking measures
  2. A logic model; and
  3. A completed grant application.

• 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. How (assuming that it is possible) can the public sector move through and beyond the current seemingly “permanent fiscal crisis” to produce stable, sustainable, accountable, and responsive governmental budgets? This larger question is the primary normative and professional focus of our seminar this semester.
**Required Readings and Texts**

There is **good news and bad news** regarding the reading assignments for the Spring 2007 PPA 230 Public Budgeting seminar. The **good news** is that all of the assigned reading for this seminar is available free on the Internet. The **bad news** is that there is a lot of assigned reading, and you will be expected to keep up with the reading assigned for each week, to master that material, and to come to class having read and reflected on the assigned reading for that week’s seminar meeting.

- **In advance for Week # 1** - See the Brief History of Budgeting located at: [History of Budgeting](http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf)
- **For Week # 2** - See the explanation of logic models located at: [http://www.ldcenter.org/learn/shortcourse/prop1.html](http://www.lfdcenter.org/learn/shortcourse/prop1.html)
- **For Week # 5** – See the Proposal Writing Short Course published by the Foundation Center located at: [http://www.ldcenter.org/learn/shortcourse/prop1.html](http://www.lfdcenter.org/learn/shortcourse/prop1.html)
- **For Week # 6** - See the following Internet-based reading: Description of California Budget Process from Dept of Finance web site; DOF Annual budget process flow chart; General Budget timetable for California State Budget Proposition 98 Introduction
- **For Week # 7** - Read the discussion of forecasting by Thomas A. Garrett and John C. Leatherman, “Revenue Forecasting: Selected Applications in Public Finance,” located at: [http://www.rri.wvu.edu/WebBook/Garrett/chapterfour.htm](http://www.rri.wvu.edu/WebBook/Garrett/chapterfour.htm)
- **Weekly – in some cases daily - for each week of the seminar**: In addition to the required readings, you are expected to stay current on fiscal issues by reading the *Sacramento Bee* ([http://www.sacbee.com/](http://www.sacbee.com/)) and Rough & Tumble ([http://www.rtumble.com/](http://www.rtumble.com/)) a compilation of news stories from around the state. For additional information on the state budget process, see the following:

<table>
<thead>
<tr>
<th>CA Governor's web site</th>
<th><a href="http://www.governor.ca.gov/">http://www.governor.ca.gov/</a></th>
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<tbody>
<tr>
<td>CA Department of Finance</td>
<td><a href="http://www.dof.ca.gov/">http://www.dof.ca.gov/</a></td>
</tr>
<tr>
<td>Sac Bee blog by Dan Weintraub</td>
<td><a href="http://www.sacbee.com/">http://www.sacbee.com/</a> Opinion Section</td>
</tr>
<tr>
<td>CA Legislative Analyst website</td>
<td><a href="http://www.loa.ca.gov/">http://www.loa.ca.gov/</a></td>
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For additional information on the state budget, check the following websites:
GRADED ASSIGNMENTS FOR THE BUDGETING SEMINAR

Class/Team participation 10%

Team Assigned Graded Projects

Team-Based Client Budgeting Portfolio including:
  Logic model
  budgetary benchmarking measures, and
  Grant proposal

The Portfolio is due in class on Week # 15 on 5/7. This will be a group grade (worth 35% of your overall seminar grade) 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; or (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 successful teamwork norms. You will make a team oral PowerPoint presentation of your finished Portfolio to the class and client on 5/7.

Individual Assigned Graded Projects

1. Logic Models (including a theory of change) and Benchmarking Measures for your not-for-profit client. Due in class on 2/26.

2. List of 3 Funding Sources, with the strongest single funding source identified & that choice explained and defended. Due in class on 3/5.

3. Individual Budget Forecasting Assignment. You will be required to put together a 1-2 page budgetary forecast of one of the following for a local government in our region, the growth or change in:
   a. property tax revenue
   b. sales tax revenue
   c. DMV revenues
   d. pension obligations, bonds & debt service
   e. revenue volatility in general
   f. anticipated future demands on revenues
   g. average growth rate in current program expenditures
   h. increase in service demands/needs; or
   i. reserve fund requirements Due in class on 3/19

4. Team Budget Forecasting Assignment. Drawing on your individual homework assignments explained above, your team will be required to put together a budgetary forecast that includes each of the following for a local government in our region, the growth or change in:
   a. property tax revenue
   b. sales tax revenue
   c. DMV revenues
   d. pension obligations, bonds & debt service
   e. revenue volatility in general
   f. anticipated future demands on revenues
   g. average growth rate in current program expenditures
   h. increase in service demands/needs; or
   i. reserve fund requirements Due 4/30

This will need to be a written and verbal PowerPoint presentation. Due on 4/30

Total 100%
PPA 230 Budgeting and Finance - Topics and Assigned Readings

Week # 1 - 1/29 - Introduction and Overview
The Overview of the Federal, state & local budget processes.
Assigned Reading: See the Brief History of Budgeting located at: History of Budgeting Professors Robert Thomas & Robert Waste

Week # 2 - 2/5 Budget Tools 1 # 2: Logic Model & Benchmarking Workshop
Assigned Reading: See the explanation of logic models located at: http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf

Week # 3 - 2/12 Meet the Clients:
Organizations
Friend's Care (Dorothy Montgomery)
Sacramento Zoological Society (Mary Healy)
Sacramento Mutual Housing (Rachael Iskow)
Plus, Out-of-Class Sessions - You will need to meet (in group - probably several times) with your client

Week # 4 - 2/19 Workshop: Draft Logic Models/Benchmarks for the Clients
TASK: Rough out logic models useful for your clients. Think in terms of budget, programs & grants. Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 5 - 2/26 Budget Tool # 3: Grant Preparation
Grant Preparation Workshop
Assigned Reading: See the Proposal Writing Short Course published by the Foundation Center located at: http://www.fdncenter.org/learn/shortcourse/prop1.html. Invited guest speaker: guest speaker. TASK: Rough out grant objectives, deliverables, and client expectations. Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 6 - 3/5 Overview of the California State Budget Process
The state budget process: How it works, budget calendar, budget adoption, and mid-year corrections.
Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.
Assigned Reading: See the following Internet-based reading: Description of California Budget Process from Dept of Finance web site; DOF Annual budget process flow chart; General Budget timetable for California State Budget Proposition 98 Introduction

Week # 7 - 3/12 Budget Forecasting Workshop
Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief. - Assigned Reading: Read the discussion of forecasting by Thomas A. Garrett and John C. Leatherman, “Revenue Forecasting: Selected Applications in Public Finance,” located at: http://www.rri.wvu.edu/WebBook/Garrett/chapterfour.htm

Week # 8 3/19 Budget Planning & Forecasting
Budget approaches in local government. Budget calendars, revenue forecast,
five year modeling, base budget projects, budget principles, and budget instructions.

Professor Robert Thomas
Invited guest speaker: Russ Felton, Director of Finance, City of Sacramento, Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 9 - Spring Recess March 26 - April 1, 2007

Week # 10 - 4/2 Budget Development
Budget approaches in California cities and counties in developing the budget. Budget instructions, budget mandates, discretionary services, performance objectives, differences of general fund activities and enterprise activities, roll-out strategies, and budget message.

Professor Robert Thomas
Invited guest speaker: Geoff Davies, Chief Operating Officer, County of Sacramento. Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 11 - 4/9 Budget Adoption & Execution
Budget approach in California cities and counties in the adoption and execution of the budget, Examples of adoption resolutions, level of expenditure authority, quarterly updates of revenue and expenditures; incentives and disincentives to live within the budget; methods to adjust revenues and expenditures and contingency and reserves to deal with the unknown (i.e. State budget cuts, economic slowdowns, union contracts).

Professor Robert Thomas
Invited guest speaker: Gus Vina, Assistant City Manager, City of Sacramento. Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 12- 4/16 12 Locating State Budget Data & Information
Invited guest: Where to go to locate State of California budgeting and finance information and data. Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 13 - 4/23 Teams Meet to Finish Preparing PowerPoint Presentations

Week # 14- 4/30 Team Budget Forecasting Presentations
Class will include: (1) 1 hour presentation and interaction; and (2) 1 hour practical exercise; and (3) a de-brief.

Week # 15 - 5/7 Team Client Portfolio Presentations - Professors Robert Thomas and Robert Waste

Week # 16 – 5/14 Team Client Portfolio Presentations - Professors Robert Thomas and Robert Waste