California State University, Sacramento  
Graduate Program in Public Policy and Administration

PPA 230  
Public Budgeting and Finance

Spring 2009  
Wednesdays 6:00 pm – 8:50 pm  
ARC 1007

Instructors:

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<th>Russell Fehr</th>
<th>Pat Leary</th>
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Office Hours:

Given the economic crisis enfolding the nation, the State of California, and the Sacramento Region this will be an exciting semester to be studying public budgeting. In planning for the entire semester, we have developed a weekly schedule of topics based on the material we need to cover and the opportunity to look at three case studies of governments in the midst of unresolved budget crises. Circumstances and opportunities may lead to changes in the schedule. We can talk more about this on the 28th. We will use WEB to post changes to the syllabus or any additional assignments or readings.

Introduction

This course is designed to give you a basic understanding of the nature and role of budgeting in the public sector. It covers budgeting at the federal, state, and local levels, but focused 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 and ultimately become issues in the electoral process. But the study of budgeting only begins with the production of a budget. Budgets, in their organizational context, 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. In addition, we will use the State of California, Yolo County, and the City of Sacramento as case studies in the budget process and the impacts of the current economic crisis on budget and budget process.

**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 (city and county) levels;
- Develop a working knowledge of the California state and local budget process, budget concepts, and budget terminology;
- Learn some basic skills in budget development, analysis and implementation;
- Understand the role of budgets for 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;
- Develop an appreciation for the intergovernmental dynamics (particularly the relationships between the State of California, counties, and cities) of budgeting and their impact on budgeting behavior;
- Improve written and verbal communication skills, including the presentation of budgetary information.
Format of Course

The course is taught in a seminar style. Students are expected to come to class prepared to participate in conversations about the materials they have read. There will be some lecture but our discussions and small group work designed to further learning are fundamental to this class. If you have not done the reading, you will not be able to participate. Consistent lack of preparation and participation will be reflected in a reduced class grade (in addition to the fact that you will learn less). Guest lecturers will be a significant resource in this class.

Required Text and Readings


Several electronic readings are embedded in the syllabus or available on webct. Please bring the appropriate readings to class (including the hard copies of electronic material) we will often use them in exercises. Additional readings will be assigned during the semester appropriate.

Assignments and Grading

Students are expected to attend class regularly, participate, and turn in assignments in a complete and professional manner. Complete and professional means proofread, well written, appropriately cited, and on time. Especially poorly written papers may be returned to be re-done at the discretion of the instructor. Excessive absences will be reflected in your grade.

No late work will be accepted. We understand that many students are working full-time and attending classes at night. We will accommodate work "issues" as much as possible but expect you to complete your assignments on time. If you must miss class when an assignment is due, you may drop it off at the office or e-mail it prior to class. If you email it, it is your responsibility to insure that we have received it and that it is retrievable. You may do this by phoning us or requesting a confirming email from us. Microsoft Word (or Excel) Format is preferred.

Three 2-3 page memos (assignments embedded in syllabus) 30%
Mid Term (take home) 30%

The take home mid term will focus on local government budgets and will focus on your analysis and problem solving skills, applying your learning in the course.

Attendance and Class Participation: 10%

Individual Presentations and structured class activities 30%

- Overall summary of the content of a budget including the budget recommendations and the justification and analysis leading to those recommendations;
- Development of practical and real budget analysis and recommendations of a type which would be presented to executive and legislative bodies for comment and, hopefully, approval;
- Role modeling of the active participants in the budget process such as elected officials, candidates of office, public employee organizations, community and special interest groups, and the media,
- Discussion of information contained within the reading assignments;

Weekly Schedule of Topics

Weeks 1-5: Institutional Roles, Processes and Related Issues

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<th>Week 1</th>
<th>Introduction and Overview</th>
<th>Pat Leary and Russ Fehr</th>
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<td>1/28</td>
<td>Budgeting as a Political Process</td>
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Relationships of national and local economies to budgets

Read Mikesell, Chapter 1 (as a review of what you have learned in PPA 220A/B)

Be prepared to discuss your thoughts and observations regarding the federal, state, and / or local budgets and budget processes. Please also be prepared to discuss your expectations of what you will learn and gain from this class
Assignment: Memo #1

Write a memo to us (2 pages maximum) describing your job or internship and how (if at all) your work relates to budgets, what other experience you have had with doing budgets, what you hope to get out of the class, and finally 2-3 aspects of the current budget crisis which intrigue or puzzle you. Please bring this memo to the first class or email it to us before the class (due by noon the day of the class).

Week 2 The Budget Cycle Russ Fehr
2/4 The Cycle and the roles and responsibilities of the operating departments, the executive body/authority, the legislative body, and the public and interest groups,
Roles and Responsibilities in Federal System

Read Mikesell, Chapter 2

Week 3 The State Budget Processes Pat Leary
2/11 The Executive perspective—the Governor, the Department of Finance, and the various State agencies and departments.

Budget Format
Workload Budgets
Operating Budgets
Budget Schedules

Read Mikesell, Chapter 3

Familiarize yourself with these State of California sites:

www.dof.ca.gov/Budgeting/Budget/Information/Budget_Information.php
www.lao.ca.gov
http://www.senate.ca.gov/ftp/SEN/COMMITTEE/STANDING/BFR/_home/
http://www.assembly.ca.gov/acs/newcomframeset.asp?committee=4

And these local government related sites:

www.californiacityfinance.com
www.CSAC.counties.org

Week 4       State of California Budget                                            Pat Leary
2/18             The Legislative Process

  Committees’ Roles
  Joint Legislative Budget Committee
  Legislative Analyst’s Office
  The Roles of Special Interest Groups (schools, unions, local government, environmental groups, and other single or limited interest groups)


Assignment: Memo #2

Using the department or governmental jurisdiction you have chosen to focus on in this class, write a 1-2 page memo to head of that unit, pretending he or she is new to the organization, and describe the process used to prepare the annual budget. Address both the process for preparing the budget request and that for preparing the actual budget allocations, once the department budget has been determined. Spend at least a portion of the memo on the degree to which the budget process reflects power relationships and how it attempts (pretends?) to be rational/technical. The assignment may require you to interview a few people. This assignment is due at the start of class on 2/25

Week 5       State Budget Reform Proposals                                            Pat Leary
2/25             Strategies for resolving the state budget absent any significant change or reform

Read Mikesell Chapter 5
Weeks 6-10  Local Governmental Budgets—Counties, Cities, Schools, and Special Districts

Week 6  Counties as Political Subdivisions of the State  Pat Leary  
3/4  County-State relationships and the associated challenges

Read Mikesell Chapter 14

Read Governor’s 2008-09 Budget Summary

Read Elisa Barbour, State-Local Fiscal Conflict in California: From Proposition 13 to Proposition IA, PPIC, December 2007, available only online, www.ppic.org

Week 7  The County Paradox-Caseloads & the Economy  Pat Leary  
3/11  County Services, Revenues and Choices

Assignment: Memo #3

Write a memo with any appropriate attachments of graphs or charts describing how a program of your department budget is financed (i.e. general funds, user fees, special funds, federal or state funds) and covering any other issues salient to the revenue picture for the program. Pay particular attention to any intergovernmental dimensions of the budget.

Week 8  Yolo County Case Study  Pat Leary  
3/18  Yolo County- Big responsibilities, little revenue.

Week 9  City Government—Municipal Corporations  Russ Fehr  
3/25  Different Types of City Service Provision & Delivery Mandates—Political not Legal

Read Mikesell Chapter 6

Inventory of Local Tax Authority, Peter Detwiler, Senate Local Government Committee, December 2007
“Perspectives on Local Finance and Infrastructure Issues in the U.S. and California:  Survey of City Officials”, PPIC December 2006

Spring Break  * * * NO CLASS * * *
4/1

Week 10     City of Sacramento Case Study  Russ Fehr
4/8

Midterm:  distribute assignment due April 14

Week 11     City of Sacramento Case Study  Russ Fehr
4/15

Readings to be assigned

Weeks 12-13

Week 12     Redevelopment & Tax Increment Financing  Russ Fehr
4/22  Forecasting, Revenue Estimation and Cash Management

Read Mikesell Chapter 13, 15

Assignment:  Memo #3  To be assigned

Week 13     Fund Management, Debt Management,  Russ Fehr
4/29  Pension Fund Management, Retiree Medical Benefit Liability

Read Mikesell Chapter 16

Week 14-15  Budget Presentations  Russ Fehr/Pat Leary
5/6, 5/13