

Syllabus for PPA 230 Public Budgeting and Finance

Fall 2020

Lecture: Tuesday 6-8:50 PM, Online

Office Hours: By Appointment

Lecturer: Christian Griffith

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Learning Objectives:

This course provides a comprehensive overview of Public Budget and Finance that uses mostly primary documents and forms to allow for experiential learning so that the lessons can be applied in your career.

The learning objectives of the course are as follows:

PPA LEARNING OBJECTIVE	HOW APPLIED IN PPA 230
1 a. Diagnose, map, and analyze decision making processes, actors, and context	Learn budget process and accounting rules from different public entities to understand how these tools are used to try to manage and control the direction and policy of each organization.
1 b. Analyze systems and practices to surface systemic biases, including structural racism, that advance or impede a more just and equitable society.	Examine how budgetary systems have been created to reinforce the status quo in resource allocation and confront the limitations these systems have to fix problems of equity.
1 d. Identify reasonable alternatives to address problems.	Identify the rules and limitations of public sector revenue sources to develop resource options to fix policy programs.
1 e. Apply context-appropriate criteria to analyze and evaluate alternatives and offer solutions with attention to implementation strategies.	Using recent real-world examples, discuss how fiscal policy and its actors shape the criteria by which public policy moves forward and how it is implemented and strategize how to question and change that dynamic.
1 f. Identify, critically examine, and use relevant data to inform policy and administrative decisions.	Use budget and financial documents and an understanding of the budget process to identify a path to securing resources.
1 g. Draw upon multiple disciplines to understand and address policy and administration problems.	Learn how accounting, fiscal, and budget processes and practices are used in the formation of policy, the prioritization of an organization's activities, and as a management tool.
2 a. Critically use different analytical skills, processes, and tools to address policy and administration problems.	Consider the assumptions and limitations behind financial information and the role of financial actors within a public organization to craft an approach to solve problems.
2 c. Identify and apply effective and inclusive leadership	Understand the key roles and perspective of policy makers, public sector managers, and

techniques for public policy and administration.	accounting staff and how these role shape decision making.
2 d. Effectively communicate with different audiences to build understanding of public problems and policy and administration strategies.	Present and receive feedback directly from policy practitioners on course deliverables to refine verbal communications and analytic writing.
2 e. Write clearly and succinctly as appropriate to various audiences.	Use actual data, templates, and instructions used by practitioners to craft budget deliverables.
2 f. Use effective modes of verbal presentation with an awareness of audience and purpose.	Present both individually and as a group and also discuss how to glean value as an active audience participant.
3 a. Recognize the role public servants play in advancing or impeding a more prosperous, just, equitable, and inclusive society.	Write and present documents to current practitioners to better understand their information needs and decision-making approaches.
3 b. Understand obligations to advance public value consistent with rule of law and an enduring search for reasonable and just action.	Reflect on how fiscal and budget policy both shape and reflect the concepts of value and rule of law and the balance between accepting and questioning this reality.
3 c. Consider the ethical dimensions of choices in public policy and administration	Recognize the power and responsibility that controlling public resources places upon public sector professionals and the expectations for transparency, accountability, and prudence demanded by that responsibility.
3 d. Understand differences between analysis and advocacy including insider and outsider roles.	Contemplate the power that fiscal decision makers have over the direction of policy and resources and the appropriate ethical questions to guide this decision.
3 e. Recognize professional role and responsibility/duty of care to your organization.	Reflect upon the expectations of fiduciary responsibility and how to create a culture of institutional accountability.

Schedule and Readings

There are two books associated with this course.

1. Darrell Mullis & Judith Orloff, *The Accounting Game: Basic Accounting Fresh from the Lemonade Stand* (Napier, IL: Sourcebooks, 2008)

This book will help familiarize you with basic accounting concepts to reinforce the lessons of the course.

2. Robert D. Lee Jr., Ronald Johnson, Philip Joyce, *Public Budgeting Systems, Ninth Edition* (Jones and Bartlett, 2013)

I will use this book to reinforce some topics in the lectures, which helps provide some great non-California examples.

I recommend not purchasing these books until after the first class. I have pointers for how you can buy both of these books for about \$30 total. Please don't spend \$175 dollars.

I have also identified readings for each meeting. The more you diligently read these documents, the more our time together can be a discussion rather than a lecture. Since this course draws heavily from current events, I may add some readings over the course of our semester to add to our discussion. However, I will make sure all new readings are free, public domain documents.

Because of the distance learning this year, I have no way to provide you the packet of M&Ms I usually provide for the in-class exercise on the second lecture. However, if you want to participate in the exercise directly during the lecture, you will need one 1.69 oz packet of plain M&Ms to open during second class (don't open it in advance!). My daughter has also generously offered to open and count a packet (and then eat the candy) on your behalf if you want to participate virtually instead.

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
9-1	Introductions to budgeting <ul style="list-style-type: none">• Introductions• The entire course on one slide.• Accounting!• Anticipating the Future• The Dashboard• Forecasting Exercises (Handout in class)	First class Assignment handed out in class: <ul style="list-style-type: none">• Budget Exercise Forecast• Class Forecast and Survey

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
9-8	<p>General Fund versus Special Fund—and how they play together</p> <ul style="list-style-type: none"> • Compare Forecast with Actuals • How do you react? • Why have Special Funds? • Tricks we have used <p>Lemonade!</p> <ul style="list-style-type: none"> • Balance Sheet • Income Statement • Private Sector Versus Public <p>State of California</p> <ul style="list-style-type: none"> • Summary of Charts 	<p>Assignment Due: Bring your completed forecast and survey. Optional: Get one unopen packet of plain M&Ms (1.69 Oz size bag)</p> <p>What you need to read/watch:</p> <ul style="list-style-type: none"> • Read <ul style="list-style-type: none"> ◦ Lemonade Chapters 1-3—Fill Out Tables ◦ Public Budgeting, Chapter 1 and Concluding Remarks (at the end) • Watch this video before the class: LAO State Budget 101 Video on State Spending http://lao.ca.gov/Videos/Player?playlistId=4&videoId=8 • Summary of Charts for California's 2020-21 budget: http://www.ebudget.ca.gov/budget/2020-21EN/#/BudgetSummary <p>Readings for this class:</p> <ul style="list-style-type: none"> • Government Accounting Standards Board discussion of fund types (Don't worry that it has been superseded by GASB Statement 54): http://gasb.org/cs/ContentServer?c=GASBContentC&pagename=GASB%2FGASBContent_C%2FUsersArticlePage&cid=1176156737123 <p>Assignment Handed out: Defund the Police Project Schedule</p>

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
9-15	<p>Budget Structure: Who, What, Where, Why, When?</p> <ul style="list-style-type: none"> • Basic Budget Structure • What do governments buy? • Different roles, different challenges • Encumbrances • Command and Control • The “blanket” • Why do public agencies order supplies in March? • Why is this statement true: “Cash Rules Everything Around Me”? • The Role of Control Agencies • Overhead • Adopt-a-Budget Example Presentation <p>Lemonade</p> <ul style="list-style-type: none"> • Cash Management • Cash Versus Accrual • LIFO versus FIFO 	<p>Readings for this class:</p> <ul style="list-style-type: none"> • Lemonade Chapters 4 and 6 (Chapter 5 is disappointing) • Public Budgeting, Chapter 7 • The California State Administrative Manual's description of encumbrances: http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/sam_master_file/chap8300/8340.pdf • State Administrative Manual attempts to explain the Salary Blanket http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/sam_master_file/chap6000/6518.pdf • The State of California runs out of cash. https://www.sco.ca.gov/Files-EO/cashoutlook_fy0910.pdf • The Controller discusses the State's Cash situation in 2009 https://www.sco.ca.gov/Files-EO/cashletter05-29-2009.pdf • DOF Fund Reconciliation Guide (Pages 1-6) http://www.dof.ca.gov/accounting/Consulting_and_Training/documents/FundBalanceReconciliation.pdf

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
9-22	<p>How budgets are built?</p> <ul style="list-style-type: none"> • State budget process • An sample local process • Players and politics • Types of budgeting approaches--Baseline, Zero-Based, Performance-Based <p>Defund the Police Session 1: Definitions, Budget Structure Bias, Legitimacy of Government</p>	<p>Read this:</p> <ul style="list-style-type: none"> • Lemonade, Chapters 7-10 • Public Budgeting, Chapter 8 <p>Readings for this class:</p> <ul style="list-style-type: none"> • A useful California Budget flowchart http://calbudgetcenter.org/wp-content/uploads/Navigating-the-State-Budget-Process-12.2015.pdf • The Department of Finance budget timeline (scroll through each month, but start notice that it starts in April) http://dof.ca.gov/budget/general_budget_timetable/index.html • A report on Performance Based Budgeting: https://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/PBB%20%282%29.pdf • Budget change proposals website. http://dof.ca.gov/budget/Budget_Details/ <p>“Defund the Police” Readings on Racism’s inprint on public policy</p> <ul style="list-style-type: none"> • School Funding differences by race https://edbuild.org/content/23-billion#NY • Land use and racism https://twitter.com/i/status/1290777089969238017 • Health differences by race https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/06/15/racism-is-a-public-health-crisis-say-cities-and-counties • One attempt to define “Defund the Police” https://www.brookings.edu/blog/fixgov/2020/06/19/what-does-defund-the-police-mean-and-does-it-have-merit/

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
9-29	<p>How to ask for things in the budget</p> <ul style="list-style-type: none"> • Budget Change Proposal critique • Writing effective proposals • Subvention <p>Defund the Police Session 2: Public Safety as part of the Local Budget</p>	<p>Readings for this class:</p> <ul style="list-style-type: none"> • Public Budgeting, Chapter 9 • Arts Council Investment: https://esd.dof.ca.gov/Documents/bcp/2021/FY2021_ORG8260_BCP3429.pdf • The “Bee Safe” proposal (2018-19 proposal): https://esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG8570_BCP1775.pdf • Nutria Infestation (2018-19 proposal): https://esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG8570_BCP2373.pdf <p>“Defund the Police”</p> <ul style="list-style-type: none"> • Where is the funding? https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/state-and-local-backgrounders/police-and-corrections-expenditures • More thoughts on defunding police: https://www.brookings.edu/blog/how-we-rise/2020/06/11/to-add-value-to-black-communities-we-must-defund-the-police-and-prison-systems/ <p>Assignment handed out in class: Write a GOOD Budget Proposal using the official State form.</p>
10-6	<p>Budget request exercise</p> <ul style="list-style-type: none"> • Writing versus reviewing a request • Advocacy • Criteria for evaluating requests 	<p>Assignment Due: Complete your DF-46 Narrative</p> <ul style="list-style-type: none"> • You can find DOF’s form and instructions (but use my instructions) here: http://dof.ca.gov/budget/Budget_Details/

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
10-13	<p>Federal-State-Local Interaction</p> <ul style="list-style-type: none"> • Who pays for what and why? • The complicated legacy of Proposition 13. • What is “Realignment” and why? • Discuss ballot-box budgeting • Significant State Propositions • Examples of Local Measures • How do we fix housing in California? <p>Defund the Police Session 3: Police Budgets: how do we know what to defund?</p>	<p>Readings for this class:</p> <p>Public Budgeting, Chapter 15</p> <ul style="list-style-type: none"> • LAO’s long road of State-Local Relationship bumps: https://lao.ca.gov/handouts/localgov/2012/state-local-fiscal-relationship-112912.pdf • LAO’s Insufficient ERAF Discussion. (WARNING THIS IS CONFUSING) https://lao.ca.gov/reports/2012/localgov/ERAF/eraf-121812.pdf • Urban Institute’s Fiscal Democracy in the States How Much Spending is on Autopilot? (Executive Summary and California Chapter: Pages 27-36) https://www.taxpolicycenter.org/sites/default/files/publication/157519/fiscal_democracy_in_the_states_how_much_spending_is_on_autopilot_1.pdf#page=37 <p>Defund the Police</p> <ul style="list-style-type: none"> • Find this website (for future reference) http://www.californiacityfinance.com/index.php#SPENDING • City of Davis’s Police Department Budget http://documents.cityofdavis.org/Media/Default/Documents/PDF/Finance/2019-2021-Budget/Adopted/13-Police-Department-Adopted-19-20.pdf • City of Elk Grove’s Budget for the Police Department (Pages 171 to 184) http://www.elkgrovecity.org/UserFiles/Servers/Server_109585/File/Departments/Finance/budget/FY2020-21_Final_Budget_06.05.20.pdf • City of Vallejo’s Budget for the Police Department (Pages 15 to 19) https://cityofvallejo.net/common/pages/DisplayFile.aspx?itemId=16729176 <p>Assignments: Defund the Police Presentation (10-20) San Francisco Budget Challenge (10-27)</p>

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
10-20	<p>What is a CAFR?</p> <p>Budgeting for Capital Projects</p> <ul style="list-style-type: none"> • How do you pay for these? • Net present value—time equals money • Funding big projects • Project approval • Information technology <p>Defund the Police Session 4: Presentation of Defunding Options</p>	<p>Readings for this class:</p> <ul style="list-style-type: none"> • Public Budgeting, Chapter 12, 13, 14 • City of Stockton CAFR (Just skim it and look for at what is in this document!) http://www.stocktonca.gov/government/departments/adminServices/finRep.html • Are CAFRs useless? http://www.governing.com/topics/finance/gov-are-annual-financial-reports-useless.html • California 5-Year Infrastructure Plan, 2020 (Pages 127-135) http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/Infrastructure.pdf • 2018 High Speed Rail Business Plan (Page 113-114) https://hsr.ca.gov/about/business_plans/2020
10-27	<p>San Francisco Budget Challenge</p> <p>How are priorities really set?</p>	<p>Assignment</p> <p>Here is the link for the challenge https://sf.budgetchallenge.org/pages/overview</p>
11-3	<p>Election Day!</p> <p>Watch live returns! Talk about Split Roll</p>	<ul style="list-style-type: none"> • Skim Secretary of State Ballot Guide for the 2020 General Election (pending) https://voterguide.sos.ca.gov/

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
11-10	Federal Budget and other budgets east of the Sierra Nevada mountains.	<p>Reading for this class:</p> <ul style="list-style-type: none"> • Public Budgeting, Chapter 10 • Center for Budget and Policy Priorities: Introduction to the Federal Budget: https://www.cbpp.org/research/policy-basics-introduction-to-the-federal-budget-process • A high-level walkthrough of the federal budget process https://www.nationalpriorities.org/budget-basics/federal-budget-101/federal-budget-process/ • CBO: The Budget and Economic Outlook: 2019 to 2029 https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf • OMB: A Budget for a Better America Promises Kept. Taxpayers First. (Just read page 1-13) https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf • Pew's Fiscal 50: State Trends and Analysis (Read key findings) https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50#ind0 • Urban Institute's Fiscal Democracy in the States How Much Spending is on Autopilot? (Executive Summary and New York Chapter: Pages 62-74) https://www.taxpolicycenter.org/sites/default/files/publication/157519/fiscal_democracy_in_the_states_how_much_spending_is_on_autopilot_1.pdf#page=37

Date	Topic	What you need to do BEFORE this class and what will be assigned during that lecture:
11-17	<p>How to cut your budget</p> <ul style="list-style-type: none"> Politics, stakeholders, process, and priorities Defund the Police Round 5: Role of the Expert: Analyst or Advocate? Impartial or Unaffiliated? 	<p>Try to balance the federal budget:</p> <ul style="list-style-type: none"> https://www.federalbudgetchallenge.org/pages/overview <p>Review this website:</p> <ul style="list-style-type: none"> Options for Reducing the Deficit: 2019 to 2028 https://www.cbo.gov/publication/54667 <p>Reading for this class:</p> <ul style="list-style-type: none"> Public Budgeting, Chapter 2 LAO: 2009-10 California Spending Plan (Figure 4 on Page 4) https://lao.ca.gov/2009/spend_plan/spending_plan_09-10.pdf LAO: 2019-20 California Spending Plan (Figure 3) https://lao.ca.gov/Publications/Report/4083
11-24	<p>Revisiting the State budget, special funds, audits</p> <ul style="list-style-type: none"> Audits The silver lining of audits How to find money 	<p>Readings for this class:</p> <ul style="list-style-type: none"> Manual of Special Funds homepage http://dof.ca.gov/budget/manual_state_funds/index.html A description of the “Single Audit” http://dof.ca.gov/Programs/OSAE/Audit_Reports/Single_Audit_Reports/ <p>Assignment: Final Assignment Memo to the Assembly Speaker</p>
12-1	<p>A look forward to 2021</p> <ul style="list-style-type: none"> US and California economic outlook Impact of the election 	<p>Readings for this class:</p> <ul style="list-style-type: none"> LAO 2020 November Outlook (Link forthcoming) International Monetary Fund World Economic Outlook (Link forthcoming)
12-8	<p>Final Review, Final Paper</p> <ul style="list-style-type: none"> Final Presentations Revisiting Forecasts 	Final Assignment Due

THE ENTIRE COURSE IN ONE SLIDE

- Why Understanding the Budget is Important:
 1. Forecast organization's expectation of the future environment.
 2. Plan for the future course of the organization through allocation and prioritization of resources.
 3. Control and manage the activities of an organization with resources.
 4. Enforce the vision through oversight.
 5. Evaluate progress, efficiency, and performance.
- Key questions:
 - What is your role as the policy expert?
 - How does the existing structure for allocating resources help or hinder efforts to address larger societal problems?

Below are some of the key areas we will cover in this course:

- Learn and apply the basic principles of how budgets of public sector entities are developed:
 - How are budgets built and agreed upon?
 - How do public entities use financial systems for management and control?
 - Why are special funds challenging to budget?
 - How do budgets vary in different agencies and policy areas?
- Gain insight into the perspective of various stakeholders in public finance:
 - Who are the key stakeholders in the budget process?
 - How does the budget itself guide day-to-day operations of public entities?
 - What is the role of a CAFR in financial reporting?
 - What types of approaches do decision makers use to evaluate budget requests?
 - How does the local-state relationship play such a key role in California public finance?
- Leverage this knowledge to improve your effectiveness at work:
 - Why is budgeting for staff so important, but also so difficult?
 - What are some persuasive arguments you can use to advocate for resources?
 - What are likely to be the big policy issues that fiscal staff will talk about in California in 2021?

CLASS ATTENDANCE I expect students to attend all class sessions unless they have a compelling reason not to do so. Please notify me in advance if you need to miss a class. Except under unusual circumstances, a student who misses three classes will be penalized one entire grade (e.g. an A- for the course will become a B-), and a student who misses more than three classes will receive a failing grade.

SPECIAL NEEDS RELATED TO DISABILITIES Should you need assistance with portions of class due to disabilities, please let me know as soon as possible. The University offers services to student with disabilities and I would be glad to refer you to the appropriate campus unit.

ACADEMIC HONESTY I take issues of academic honesty (including avoiding plagiarism) seriously and you should as well. If you are unfamiliar with the specifics of University policy in this area I

recommend you review the appropriate section of the on-line University Policy Manual:

<http://www.csus.edu/umanual/AcademicHonestyPolicyandProcedures.htm>.

LATE ASSIGNMENTS I will accept late assignments (or allow for a make-up assignment) only in unusual circumstances. Whether or not a penalty will be assessed depends on the reason (e.g., a family emergency constitutes a good reason for missing a deadline; a competing requirement for another course does not.

Grading and Assignments

Assignment 1: Forecast Exercises *5 percent of grade*

These simple and fun exercises start off the year. First, you have to fill out your forecast for the session 2 budget. Second you have to project certain economic and social variables that we will track in real time.

Assignment 2: Defund the Police *25 percent of grade*

This assignment will be a number of in-class sessions that will include guest speakers to use a budget context to discuss issues of racism, ethics, public policy, advocacy, and the role of the policy expert in current policy discussion around public safety funding. The main graded deliverable will require you to look at a local public safety budget to understand it in context of the budget of the organization, how it compares to other entities, and how the public can drive decisions around how resources are allocated and used.

Assignment 3: Budget Change Proposal *25 percent of grade*

You will write a Budget Change Proposal using the Department of Finance directions and forms. You will then present your proposal to Department of Finance staff for their evaluation and feedback.

Assignment 4: San Francisco Budget Challenge *20 percent of grade*

You will be assigned a fictitious role that has a role in passing the budget for the City and County.

Assignment 5: Memo to Speaker Rendon *25 percent of grade*

You will write a painfully short memo to Speaker of the Assembly that tries to persuade him to pursue a certain policy in the Assembly's *2020 Budget Blueprint*.