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PSC 505.01: Budgeting and Finance

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PSc 505 Public Budgeting and Finance

MASTERS OF PUBLIC ADMINISTRATION PROGRAM

Campus Version / Classroom: LA 337

Semester: Spring 2005 / Professor: Jeffrey Greene / Telephone: 243-6181

Office: LA 356 / Office Hours: Tue: 3:30 - 4 p.m. and T/Th 2 - 2:30 p.m.

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This class is open to graduate students from any graduate program at the University of Montana. Undergraduates must have the consent of the instructor to take this course. The course begins on January 25 (Tuesday).

"A budget is a method of worrying before you spend instead of afterwards."

An Anonymous Quote

TEXTS: *Public Budgeting Systems*, 7th ed. by Lee, Johnson, and Joyce (Required)

***Government Budgeting: Theory, Process, and Politics*, edited by Hyde (Required)**

***The New Politics of the Budgetary Process*, 5th ed., by Aaron Wildavsky and Naomi Caiden (Required)**

COURSE DESCRIPTION

PSc 505 is designed to allow graduate students to develop an understanding of public budgeting and financial management. A wide variety of topics will be covered including a survey of the major literature, theories of public finance, major figures, and the politics of budgeting. The class will include a survey of the historical development of budgeting in the United States, beginning with the classical period of PA through the contemporary era. A special emphasis will be given to comparing differences between public and private sector budgeting and financial management. The political context in which budgeting occurs will also receive special attention. Although **PSc 505** is a "survey course", the course will blend theory and practice. Students will be exposed to the dynamics of the budgetary process (i.e. budget development, budget execution, etc.) and will develop skills that can be taken directly to a job. The course requirements (described below) include analyzing a government budget. *Please note that the focus of this class is NOT on writing budgets.* The main textbook, ***Public Budgeting Systems***, is an extensive text and a number of chapters are omitted for this class.

PSc 505 seeks to achieve three primary objectives. The *first objective* is to provide students with a general understanding of public budgeting by reading and discussing classic and contemporary literature. Students will be exposed to the basic theories, concepts, and terms associated with the budgetary process. Students' proficiency will be assessed via a comprehensive exam. The *second objective* is to enhance students' ability to write concise reports about budget subjects. This objective will be accomplished by having students write article critiques. The *final objective* involves analyzing a real government budget, writing a report. Students' proficiency will be assessed via the written report and a formal presentation.

Upon completion of **PSc 505**, students should be able to:

- 1). Demonstrate knowledge of the history, evolution, and development of public budgeting in the United States

- 2). Demonstrate knowledge of the fundamental terms and concepts associated with public budgeting
- 3). Demonstrate proficiency at writing concise reports that deal with complex material
- 4). Demonstrate the ability to analyze a public budget and make a formal presentation. Most students use PowerPoint or some similar presentation software for this project.

Assessment is based on a written, comprehensive exam, a budget analysis paper and formal presentation, written article summaries, and the quality of participation to questions asked in class

COURSE REQUIREMENTS

The general requirements include one exam, a research project, and participation (which includes the article summaries). The grade weights are specified below.

Book Report 20% (Due May 10. This is a five or six page book report on the Wildavsky and Caiden budgeting book -- *The New Politics of the Budgetary Process*)

Research Project..... 40% (May 10) *This grade is a written report that analyzes a public budget.*

Participation 20% (Based on **Article Summaries** that will be assigned the first day of class) *Due when presented in class.*

Exam.....20% (This is a comprehensive exam and you will need a calculator for the exam. April 19).

Please note that the last day to change a section of a class, change from credit/no credit to traditional letter grade or visa-versa, is **March 7**. It is also the last day to delete graduate credit by notifying Graduate School.

Article Critique Guidelines

Each student must complete five (5) article critiques or summaries. They are due when presented in class and students are expected to bring copies for each member of the class. [Click here for a sample article summary.](#)

1. What is the major subject and theme of the article?
2. What is the major question the author addresses?
3. What techniques, tools of analysis, or methods are employed to answer the question?
4. What major points does the author make?
5. What do the author conclude? What suggestions are made?
6. What is the relevance of the article to theory or practice? (What does it mean? Also, can you take anything back to the office from the article that is useful?)

Budget Analysis Paper

This project involves selecting a budget and writing a 10-12-page analysis. The purpose of the project is to provide an opportunity for students to analyze a "real" government budget. *Examples of past budget analysis papers are on reserve in the Mansfield Library. For a sample budget (in Microsoft Word) [click here](#).* Students should select a government budget of personal interest and perform an analysis using some of the tools and methods covered in the class. Typically, papers contain an analysis of sources of funding (revenues) and expenditures. Additionally, papers often contain a description of the politics of the budget. **Do not pick a budget that is too large.** Often students select a single department of a city rather than the whole city budget because

the budgets of cities the size of Missoula are simply too large to effectively analyze in such a short paper. The budget can be a nonprofit agency.

Unfortunately, I do not have a copy of a sample to post online for this class. *In the traditional version of this class, there is also a budget presentation where students typically use PowerPoint or similar software for a 30-minute presentation.* The purpose of this project is to produce a document that you would present to a city council, city manager, etc. With the online version, we do not have a presentation; just the written document. I hope that this class will produce an electronic version of this paper that can be used as samples for future online classes (used only with the student's permission). I have several hard copy versions that are excellent from the past, but they do not scan very well.

A sample online budget paper can be found at [Sample Budget](#). Also, I do have one of my own papers that I do each year on the Montana state budget. You will note that it is short and covers a whole state. For those of you looking for a "model" or "format" to follow, click the link below. Please note that this is NOT the only format and it may not be applicable to the budget that you select. This paper is part of an annual roundtable discussion about budgeting and finance in the western states.

<http://www.umt.edu/polsci/greene/budgetpaper/MTbudget05.rtf> (*Budget paper in Word*)

If you have questions about this project, feel free to contact me. For some additional basic guidelines that might help you with the paper [click here](#).

READING ASSIGNMENTS and CLASS OUTLINE

Session 1 Introduction (No readings assigned - January 25)

Session 2 The Context of Public Budgeting and Theoretical Issues (February 1)

Lee, Johnson, and Joyce: Chapters 1, 2

Hyde: (Read the Introduction for Part I)

"Evolution of the Budget Idea" by Cleveland (#1)

"The Lack of a Budgetary Theory" by Key (#3)

"Political Implications of Budgetary Reform" by Wildavsky (#5)

"Budget Theory and Budget Practice" by Rubin (#8)

"Processes, Policies, and Power: Budget Reform," by Naomi Caiden (#9)

Session 3 Budget Cycles and Budget Issues (February 8)

Lee, Johnson, and Joyce: Chapter 3

Hyde:

"Strategic Budgeting," by Meyers (#10)

"What Program Budgeting Is and Is Not" by Novick (#35)

"Planning and Budgeting: Who's on First?" by Howard (#36)

"Introduction to Zero-Based Budgeting" by Taylor (#37)

"Organizational Decline and Cutback Management," by Levine (#38)

"The Executive Budget -- An Idea..." by Pitsvada (#17)

"Implementing PBB: Conflicting Views of Success," by Willoughby and Melkers (#41)

Session 4 Budget Preparation: The Revenue Side (February 15)

Lee, Johnson, and Joyce: Chapter 4

No articles assigned.

Session 5 Budget Preparation: The Expenditure Side (February 28)

Lee, Johnson, and Joyce: Chapter 5

Hyde:

"Why the Government Budget is Too Small in a Democracy" by Downs (#22)

"Why Does Government Grow" by Buchanan (#23)

"Participatory Democracy and Budgeting: The Effects of Proposition 13" by McCaffery and Bowman (#24)

"The Growing Fiscal and Economic Importance of State and Local Governments" by Bahl (#27)

"Lesson for the Future," by Gold (#28)

Session 6 Budget Preparation: The Decision Process and Policy and Program Analysis (March 1)

Lee, Johnson, and Joyce: Chapters 6 and 7

No articles assigned.

Session 7 Budget Approval: The Role of the Legislature / Budget Approval at the Federal Level (March 8)

Lee, Johnson, and Joyce: Chapters 8, 9

Hyde:

Hyde: "Using Performance Measures for Federal Budgeting: Proposals and Prospects" by Joyce (#40)

"The Power of the Purse" by Ippolito (#13)

"The First Decade of the Congressional Budget Act: Legislative Imitation and...." by Kamlet and Mowery (#14)

"Deficit Politics and Constitutional Government: The Impact of Gramm-Rudman-Hollings" by LeLoup, Graham, and Barwick (#15)

"Courts and Public Purse Strings: Have the Portraits of Public Budgeting Missed Something?" by Straussman (#16)

"Mission-Driven, Results-Oriented Budgeting: Fiscal Administration and New Public Management," by Thompson (#18)

"Biennial Budgeting in the Federal Government," by Fisher (#19)

"The Federal Budget as a Second Language," by Collender (Appendix A)

"The Evolution of Federal Budgeting: From Surplus to Deficit..." by Schick and LoStracco (#11)

"The Long Term Budget Outlook for the United States," by the Congressional Budget Office (Appendix B)

Session 8 Budget Execution and An Overview of Financial Management, Capital Budgets, and Debt
(March 15)

Lee, Johnson, and Joyce: Chapter 10

Lee, Johnson, and Joyce: Chapter 12 (*Read Chapter 11 if you are interested in government accounting. In this section, we will leave debits, credits, and t-accounts for accounting classes*)

Hyde:

"Government Financial Management at the Crossroads" by Bowsher (#39)

Session 9 Spring Break March 21 - 25

Session 10 The Budget, Fiscal Policy, and the Economy (March 29)

Lee, Johnson, and Joyce, Chapter 15

Hyde:

"The Growing Fiscal and Economic Importance of State and Local Governments," by Bahl (#27)

"Debunking the Conventional Wisdom in Economic Policy," by Eisner (#32)

Session 11 Discussion of *The New Politics of the Budgetary Process* (April 5) **Students will be assigned a specific chapter for this class.**

Wildavsky and Caiden, *The New Politics of the Budgetary Process*

Session 12 Review Session (April 12)

Session 13 Exam -- April 19

Session 14 Presentations (April 26) **Budget Presentation Schedule**

Session 15 Presentations (May 3)

Session 16 Presentations (if needed) and Budget Papers Due (May 10) *This is exam week at UM*

All work is due May 10. The Spring Semester officially ends on Friday, May 13; graduation is May 14.

Note: The numbers beside assigned articles correspond to Hyde's numbering if you have the most recent edition. Copies of the latest edition of the book will be on reserve in the Mansfield Library. You can use an older edition of the book but the numbers often change from one edition to another. Most of the articles remain the same since it is a "classic" reader.

Study Guide (*This study guide provides some examples of essay questions and terms that may appear on the exam*).

Budget Terms

Additional Budget Terms

Link to the Office of Management and Budget

Link to Montana State Executive Budget

Link to Montana State Legislative Fiscal Division (*Budget Reports and Analysis*)

Link to History of Federal Budgeting (*This is on the U. S. Senate's website*)

Tax Foundation (*This site contains information about taxes and revenues*)

Tax Sites (*This site contains links to numerous sites about taxation and budgeting*)

Link to the Legislative Manual about Montana's Budget Process (*This file is in Adobe Acrobat format. This is the same manual that is provided to Montana legislators. If the file does not open, or the link has been changed, go to the Legislative Fiscal Division's website and click Montana's Budgeting Process*)

For a number of years, someone from the University of Montana has written an brief analysis of the Montana state budget for the Western Political Science Association's roundtable on budgeting in the western states. Thirteen states participate in this annual roundtable. Click here for a copy of the budget paper for the 2003 Montana legislative session (the 2005 biennium budget). *This is a Microsoft Word rich text format document.* All of the papers have been posted online at the University of Utah's Center for Public Policy and Administration since the late 1990s. These papers may help provide some ideas for students to analyze budgets in this class.

Inflation Converter (*This link contains an inflation conversion tool that allows one to convert dollars from any year into constant dollars. This link was working as of 12/14/2004. The actual link is <http://www.westegg.com/inflation/>*)

PSc 505 Campus Version of Public Budgeting and Finance

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