

PUBLIC BUDGETING—PLS 492--503

Spring 2001

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Office Hours: Tuesdays 4-6pm or by appointment.

Course Description: This course covers the fundamentals of public budgeting. It reviews the budget cycle, the preparation of a budget, the evaluation of the budget, and a number of specialized topics in budgeting like pensions, risk management, performance measurement, forecasting. In addition, different theories of budgeting are examined and the “politics” of budgeting is explored. Budget reform and accountability are also described and analyzed.

Course Goals: By the end of the course, students will be able to prepare a line item budget for a department or agency, convert it to a program budget, and evaluate the impacts of expenditures. Students will acquire an understanding of the budget process including the “politics” of that process, an understanding of specialized topics in budgeting, and also knowledge of different budget formats.

Course Assignments and Grades:

- Workbook Exercises or other weekly class assignments. To be assigned-- 30%
- Class participation-- 10%
- Budget Preparation, Narrative, and Justification Statement-- 30%. Students will prepare a line item and program budget for a hypothetical department or agency. The student will also do an oral presentation of their results in the last four weeks of the semester. Students should clear the choice of the department or agency with the instructor. Budget and supporting documents are due March 27 th.
- Class Project—30%. Students will be divided up into project teams to analyze the Consolidation issue between Wilmington and New Hanover County. Each team will analyze one or two services and compare them in terms of efficiency, effectiveness, and productivity. This analysis should also have a Benchmarking component with at least five other cities and counties with similar characteristics.

Books and Materials:

Jack Rabin, W. Bartley Hildreth, and Gerald Miller. ***Budgeting: Formulation and Execution, Workbook, and Data Sourcebook.*** Carl Vinson Institute of Government, The University of Georgia, 1996.

Class Schedule:

January 9

Key Terms and Concepts

Budget
 Operating vs. Capital Budget
 Direct Cost vs. Indirect Costs
 FTE
 Line Item budget
 Program budget
 Performance budget
 Zero base budgeting PPBS
 Fiscal Year
 Constant dollar
 Authorization
 Appropriation
 Outlay
 Entitlement
 Uncontrollable spending
 Trust Fund
 CBO
 OMB
 GAO
 Sunset Legislation

January 16

Budget Cycles and Calendars

Read: skim Workbook paying attention to the timetable connected to budget preparation and implementation. Also read Part I of Data Sourcebook.

January 23

Budget Theory—Incrementalism and Aids to Calculation

Assignment or exercise: Go to library and review any text on public budgeting. Read chapters related to decision making or incrementalism. Alternatively peruse any of Aaron Wildavsky's books. In two pages or less explain the main features of budgetary decision making according to the incremental school of thought. Critique the incrementalists. Use bullets in your memo.

January 30

Fiscal Federalism and Revenue Sources

Read and Assignment: Read text Chapters 1-4, 15-20. Go to any local government budget or non-profit agency budget and establish a five year table that looks at the changes of revenue sources over time. Make copies of Table for class-members.

February 6

Privatization and Contract Management

Read and Assignment: Read text Chapters 5-8. Peruse at least three local budgets (either government or non-profit) and identify four or five services that are most likely to be privatized. Then explain why these services have been contracted out. Limit 2 pages.

February 13

Performance Budgeting/M Measurement/Productivity

Read and Assignment: Chapters 9,10,14, 24, 25. Interview the director of one department or agency and have him or her illustrate at least two performance measures for their services and ask them to indicate why these indicators were chosen. Two pages.

February 20

Consolidation Project: efficiency, effectiveness, productivity

Entire class will be devoted to designing the class project. In preparation for class, go to library (internet) and develop a short bibliography of previous city/county consolidations in recent history (ie., Nashville-Davidson, Jacksonville-DuVal, Indianapolis-Marion, Lexington-Fayette (Ky.), Athens-Clarke (Ga.)Especially look for accounts on the results of the consolidation.

February 27

Capital Budgeting and Forecasting

Read and Assignment: Read text, Chapters 27,28. Also review literature and select five articles on either capital budgeting or forecasting. Write a two page paper summarizing these articles.

March 13

Implementation Issues

Read and Assignment: Read 29, 30, 31. Interview two budget directors and ask them to identify a number of the most important implementation issues. Write a two page paper summarizing their responses.

March 20

Debt Management, Fiscal Insolvency/ Financial Markets

Read and Assignment: Read chapters 32-39. Write a two page paper indicating the five most telling characteristics of a local government or agency in fiscal distress. Be specific as to what the best indicators are.

March 27

“Sim City”

In class simulation. Review Data Sourcebook.

April 3

Reporting and Benchmarking

Read and Assignment: Read text Chapters 47-50. Pick one N.Y. Bond rating agency and review their criteria for rating local governments who seek to issue bonds. Limit two pages.

April 10

Fund Accounting and Accountability

Read and Assignment: Read text, Chapters 44-46, 51-53. In two pages illustrate what you think are the most effective ways of making a government or agency fiscally accountable. Be specific. New laws? Practices? Oversight groups?

April 17

Risk Management and Pensions

Read and Assignment: Read text, Chapters 42 and 43. Pick two governments or two non-profits and compare and contrast their pension programs. For example, are they underfunded? Portable? Inflation proof?

April 24

Purchasing, Life Cycle Costing

Read: Text, Chapters 40 and 41.

May 1

Group Project Reports, Consolidation Study