



THE OHIO STATE UNIVERSITY

JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

PUBAFRS 4030 – Public Budgeting
Winter 2017 (3 credit hours)

General Class Information

Wednesdays and Fridays, 1/09/2017 through 04/21/2017
9:35 a.m. – 10:55 a.m.
Mendenhall Lab 115

Final Team Presentations: April 12 and 14
Final Individual Project Due, April 21

Instructor

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Course Overview and Student Learning Objectives

The course is designed for students who are interested in a career in the government or non-profit sector, as well as those whose fields of study may be enhanced with knowledge of budgeting processes. Students will benefit from a high-level understanding of federal, state, and local budgets, budgeting techniques, financial reporting, and budgetary communication.

The course will reflect a balance between *the fundamentals of public budgeting* from the perspective of a government practitioner (understanding budgets and the budget process) and *how a budget reflects economic conditions, policy decisions* and the and motivations of the players.

Topics will include: Types of budgets (Operating and Capital), types of budget reports (budget document, CAFR, etc), the budget process at the local, state and federal levels, basic expenditure and revenue forecasting and analysis; communication strategies for financial and budgetary matters, the history of budgeting; public borrowing; the interaction between public policy and public finance and the use of budgets to influence policy goals.

Upon completion of the course, students will be able to understand:

1. The components of a budget (revenue, expenditures, capital, debt),
2. The benefits and limitations of each type of budget format,
3. How the budget process works, including the effects of budgeting on policy, and the roles of various players in the process,
4. How to perform analyses of financial information to diagnose a government's financial strengths & weaknesses, including budgetary calculations, trend analysis, capital planning, and operational needs.
5. How a budget (or CAFR) reflects the economic and social conditions, policy goals and programs,
6. How leaders can use budgets to manage resources and accomplish goals,
7. How to construct budgets using various methodologies,
8. How to communicate basic financial information to leadership, a legislative body, and community stakeholders, in a way that is clear and uncomplicated.

Required Readings

Required Textbook

Lee, R., Johnson, W. & Joyce, J. (2013). Public Budgeting Systems, 9th Edition. Burlington, MA: Jones & Bartlett Learning LLC.

Please consider purchasing the e-textbook version of this text or renting the text from a reputable company online. Both are cost-effective options!

Students can access textbook information via the Barnes & Noble bookstore website: www.shopOhioState.com as well as from their BuckeyeLink Student Center. This information is disseminated by B&N to all area bookstores. You may buy from a store of your choice and/or shop for books (always use ISBN# for searches) online.

Other Readings

Other readings will be assigned as required. These readings will be relevant to weekly topics and are designed to enhance classroom discussion. Readings will be assigned from a variety of sources such as public budgeting and financial management academic journals, news articles pertaining to current events, and web-based resources.

Any assigned reading will be posted on Carmen a week or more ahead of the class in which it will be discussed.

Please note that assigned readings could change during the semester, so you are strongly encouraged to check Carmen for any changes.

Class Format

Each class will start with a discussion about current events (identified by students) that relate to budgeting and public finance. The topics to be discussed will be identified at the start of class from those identified selected by students.

Following the current events discussion, we will cover the topic assigned for the class. The presentation format for each class could include lectures, speakers and/or case studies focused on understanding and working with the budget document.

Case Studies, speakers and assignments will reflect the budget in context and are designed to provide a “real world” context between an actual budget and conditions in the community, as well as the limitation of budgets.

The course will include guest speakers who have practical experience in budgeting from various perspectives. Depending on their availability, this could result in a change in topic schedule.

There will be short quizzes on a periodic basis. Copies of the lecture material will be posted on Carmen.

Participation in the class discussion is expected.

Grading Information

Assignments must be submitted to the correct Carmen Dropbox by 11:59 p.m. on the due date. Full credit will be awarded to assignments that are correctly and thoughtfully completed and submitted on time. Late work will not be accepted.

Class Participation	15%
Briefs (4 @ 5% each)	20%
Team Project Paper (20%) and Presentation (10%)	30%
Final Individual Project – Budget Analysis	30%
Short Quizzes	5%
	100%

Class Participation:

Class participation is essential for this course. Grading for class participation will be based on factors such as quality of participation, interest, and attendance. There will be multiple opportunities for class participation, including class discussions on current issues and on subjects and assignments in the syllabus, involvement in in-class and discussion on outside case studies, and the Team Project that will be due at the end of the Semester.

Multiple absences will negatively impact students' ability to participate in the class, which will result in a lower grade.

Issue Briefs:

Four briefs are assigned as part of this course. The Briefs are designed to produce a "real world" memorandum on a public finance topic. In addition to the articles or text provided in the course, you will be expected to do some additional research on each of these issues.

Briefs are to be at least one (1) but no more than two (2) pages long, single-spaced, with one-inch margins and 12-point font. The use of bullet points and headings/subheadings are encouraged. Students should cite any references used to complete the brief on a third page.

Grades will be based on the following: 1) the overall quality of the brief, 2) the effort made to fully understand the topic, 3) how well the brief captured topics pertinent to the class or current events, and 4) the quality of the writing. Grammar, spelling, and the organization/flow of the Briefs will be considered in the grade.

Assignment: Brief #1 Due Friday, February 3, 2017

- Read the articles "Vacant Properties: The True Costs to Neighborhoods" and "Determinants of Fiscal Stress in US Municipalities" and discuss what you see as the fiscal impacts of vacant properties and neighborhood blight on a community's budget. Identify specific revenue and expenditure line items that could be impacted.

Assignment: Brief #2 Due Friday, February 24, 2017

- In this memo, you should answer the following questions: 1) Why do state and local governments issue debt? 2) How does debt relate to the budget? 3) How does debt relate to a government's budgetary decisions? and 4) what are the risks in a jurisdiction issuing debt?

Assignment: Brief #3 Due Friday, March 10, 2017

- Select a current budgetary issue from the news and write a memorandum that summarizes the issue. Why is this issue in the news? Is this a local, state or federal issue? What are the relevant government, nonprofit or other agencies that could be involved? What are their potential motivations? From the information, you are able to obtain, is it possible to quantify the amount of funding involved?

Assignment: Brief #4 Due Friday April 7, 2017

- Briefly outline the various types of budgeting --- from Chapter 7 of the textbook and our readings --- and describe when they are most effectively used and for what types of revenues or expenditures. Provide examples. What are the advantages and disadvantages of each type of budgeting? What are the challenges and limitations of forecasting revenue and expenditures in the public sector?

It is possible that a different topic could be assigned for the last three Briefs, so students are encouraged to keep watch on Carmen for a notification.

Grades for the Briefs will be based on: 1) the overall quality of the brief, 2) the effort made to fully understand the topic, 3) how well the brief captured topics pertinent to the class or current events, and 4) the quality of the writing. Grammar, spelling, and the organization/flow of the papers will be considered in the grade.

Final Team Project and Presentation:

A significant goal of this class is to prepare students to work in leadership positions in federal, state, and local government. Frequently professionals are required to work in Teams evaluating a particular issue and developing conclusions about the topic.

As such, the class will include a final Team Project that will evaluate the relationship between budgeting and a current community issues. This type of work requires preparing for and actively participating in meetings, asking questions, making public presentations, and working as part of a team.

For this project, the class will be divided into teams and will be responsible for evaluating the relationship between a community issue and a budget (or CAFR). Members of the team will be determined by the Instructor and distributed by Friday, February 10. The topic for your Project/Presentation will be selected from the Columbus Research Partners (CRP) Benchmarking 2016 report.

The specific assignments for the Team Project will be 1) a Class Presentation on the topic, along with 2) a Paper summarizing the topic to be submitted on the same day as your presentation. Team Presentations will be made April 12 and 14, 2017.

You will receive a separate handout which describes the project in greater detail.

Final Individual Project – Budget Analysis:

You will demonstrate your ability to perform many of the skills that you will learn in this course. This project requires you to review an actual budget using the Government Finance Officers Association (GFOA) “Distinguished Budget” criteria. A summary of the criteria in questionnaire form can be found here: <http://www.gfoa.org/sites/default/files/u63/2014BudgetCriteriaExplanations.pdf>.

Students will have three tasks in the Final Project:

- 1) Analyze a budget using the GFOA’s criteria, assess whether the budget you selected generally meets the standards in the “Distinguished Budget” criteria,
- 2) Using the analysis tools described in the text, readings and in class, evaluate the fiscal health of the community using the financial analysis tools discussed in the text and in class,
- 3) Identify and research four current economic and/or social indicators for the community; and
- 4) Identify how those four indicators are reflected in the budget you analyzed.

Further instructions and information will be given in a handout on March 3.

The final project is due Friday, April 21, 2017.

Grading scale:

93 – 100	A	80 - 82	B-	68 – 69	D+
90 – 92	A-	78 - 79	C+	64 – 67	D
88 - 89	B+	73 - 77	C	63 & below	E
83 - 87	B	70 - 72	C-		

Cls	Wk	Date	Topics	Description	Notes and Reading	Assignments
			Resources for Ongoing Monitoring	Governing Magazine http://www.governing.com/topics/finance Government Finance Officers Association http://www.gfoa.org/ Natl Assoc of State Budget Officers http://www.nasbo.org/home National League of Cities http://www.nlc.org/ Government Accounting Standards Board http://www.gasb.org/home		
1	1	Wednesday, January 11, 2017	Topic: Review of the Syllabus, Class Assignments, Team Presentation, Instructor and TA Access, Class Discussion on Budgets as reflecting the health of the local economy and society.	Lee, Chapter 1 (Introduction)	Article: The Deadly Sins in Public Administration (Drucker, 1980)	Student Survey to be Completed in Class
2		Friday, January 13, 2017	Topic: Survey of Revenue, Expenditures and Capital. A relatively high review summary of the components of a Budget	Lee, Chapter 2 (The Public Sector in Perspective)	Article: Public Budgeting in America: A 20 th Century Retrospective (Tyer, Willand)	

3	2	<p>Wednesday, January 18, 2017</p> <p>Topic: The Budget Process: Overview. From a fairly high level, a description of the budget process from initial ideas to final budget, and the role of each of the branches in the budget process.</p>	<p>Lee, Chapter 4 (Budget Cycles)</p> <p>Article: Best Practices in Local Government Budgeting (2015)</p> <p>Scan Resource: Recommended Budget Practices 2008</p>	
4		<p>Friday, January 20, 2017</p> <p>Case Study: City of Columbus Budget</p> <p>Topic: To give students the experience of working with a real budget, this will be an in-class, fast paced exercise looking at the City of Columbus Budget along with asking questions about the fiscal health and economic condition of the city. We're looking for key indicators, trends and observations, not a line by line narrative.</p>	<p>Lee, Chapter 3 (Government, the Economy and Economic Development)</p> <p>Case: City of Columbus Financial Review 2016</p> <p>Community Research Partners 2016 Benchmarking Survey</p> <p>Resource: Outline of a CAFR</p>	<p>Homework: Using the CRP Benchmarking Survey to identify key economic and social indicators for the City of Columbus (ie: wages, poverty, housing, etc.) These will be used during the discussion during the class.</p>
5	3	<p>Wednesday, January 25, 2017</p> <p>Topic: Revenue -- A deeper dive into revenue, focusing on where governments get their funds and any issues relating to the sources.</p>	<p>Lee, Chapter 5 (Budgeting for Revenues: Income Taxes, Payroll Taxes and Property Taxes)</p> <p>Lee, Chapter 6 (Budgeting for Revenues: Transaction Based Revenue Sources)</p>	
6		<p>Friday, January 27, 2017</p> <p>Topic: Expenditures -- A deeper dive into expenditures, focusing on how governments spend their funds and the challenges to those uses (police vs. social services vs. parks, etc)</p>	<p>Lee, Chapter 7 (Budget Preparation: The Expenditure Side)</p>	
7	4	<p>Wednesday, February 1, 2017</p> <p>Topic: The Budget Process Part One: The Agency/Department Role in the Budget Process;</p>	<p>Lee, Chapter 8 (Budget Preparation, the Decision Process)</p>	
8		<p>Friday, February 3, 2017</p> <p>Topic: The Budget Process Part Two: Legislative Role in the Budget Process</p>	<p>Lee, Chapter 8 Budget Preparation: The Decision Process</p> <p>Lee, Chapter 9 (Budget Approval, the Role of the Legislature)</p> <p>Article: Role of the Legislature in the Budget Process, An International Perspective (Rosner, Park, 2007)</p>	<p>Brief #1 Due</p> <p>NOTE: The assignment for Brief One involves pre-reads.</p>
9	5	<p>Wednesday, February 8, 2017</p> <p>Topic: Capital and Debt -- A deeper dive into the capital investments a community makes, where they obtain those funds, and related issues.</p> <p>Special focus on the types of debt utilized by jurisdictions, their purpose and management. This would include various types of borrowing (short term, bonding, etc) as well as obligations for pension liabilities.</p>	<p>Lee, Chapter 13 (Capital Assets Planning and Budgeting)</p> <p>Lee, Chapter 14 (Capital Finance and Debt Management)</p> <p>Article: Legislating for Results: The Capital Budget</p> <p>Report Review: Capital Budgeting in the States, 2014</p>	

10		Friday, February 10, 2017 Topic: Budget Forecasting -- Various techniques for how governments develop projections (or forecasts) to plan for future financial and capital needs. Zero Based Budgeting, Performance Based Budgeting,	Lee, Chapter 7 (pages 200-244) Article: Budgeting for the Future: Fiscal Planning Tools Can Show the Way (McNichol, Palacios and Johnson, 2014) Article: Performance Based Budgeting Article: Zero Based Budgeting: Zero or Hero (Deloitte) Article: Financial Forecasting in the Budget Preparation Process (GFOA)	Teams Established
11	6	Wednesday, February 15, 2017 Case Study: Detroit: Signs of Economic Distress -- The goal of the Detroit case study is to look at the budget of a community that is having major fiscal problems and how those problems are reflected in their budget.	City of Detroit 2015 CAFR Article: Determinants of Distress in US Municipalities Resource: Strategies for Rust Belt Cities Vacant Properties The True Cost to Neighborhoods	
12		Friday, February 17, 2017 Topic: Crisis Management in Budgeting -- Using a case study approach, looking at the options a public manager has when confronted with a fiscal crisis.	Article: State Strategies to Detect Local Government Fiscal Distress Article: Fiscal Stress Faced by Local Governments Chart: Stages of Financial Recovery Article: Internal and External Causes of Crisis	
13	7	Wednesday, February 22, 2017 Topic: Intergovernmental Relations -- Focusing on some of the major differences in budgeting at the federal, state and local levels, along with the challenges that jurisdictions face, such as funded (or unfunded mandates).	Lee, Chapter 15 (Intergovernmental Relations) Article: Doing More with Less, State Revenue Limitations on County Finances (Griffith, Harris, Istrate, 2016) City and State Fiscal Structure (Hoene, Pagano, 2008)	
14		Friday, February 24, 2017 Topic: Inside the State Budget: The Real World -- Speakers planned. Discussing the interplay between the executive and the legislative branches of government as a budget is developed, considered, proposed, and finalized with the legislative branch.	Article: State Revenue Sources in Slow Times (Willoughby)	Deadline: Teams identify their topic for the Team project. Brief #2 Due

15	8	<p>Wednesday, March 1, 2017</p> <p>Topic: The Federal / Congressional Budget Process - - A review of the Congressional budget process, covering budget resolutions, authorization, appropriation, sequestration and continuing resolutions.</p>	<p>Lee, Chapter 10 (Budget Approval, The U.S. Congress)</p>	
16		<p>Friday, March 3, 2017</p> <p>Case Study: State of Kansas -- The State of Kansas over the past few years, embarked on major tax reductions to demonstrate that tax cuts can lead to increased investment.</p>	<p>State of Kansas CAFR 2015</p>	
17	9	<p>Wednesday, March 8, 2017</p> <p>Topic: The Politics of Budgeting -- The process of budgeting involves significant engagement by various stakeholder groups who have an interest in the budget. The speaker will provide a real world picture of how to do budget lobbying.</p>	<p>Article: Party Control and the Politics of Budgeting in the US (Palanjian)</p> <p>Article: The Political Dynamics Behind Government Budgeting Process (Oyakojo)</p>	
18		<p>Friday, March 10, 2017</p> <p>Case Study: Fiscal and Economic Development Impact Analysis -- Walk through the impacts from an economic development project to understand the costs and benefits; This case study will focus on a community's desire for a large capital project (convention centers, arenas, stadia, etc), the budgetary indicators for such projects, and the risk/rewards of such project from the jurisdiction's perspective.</p>	<p>Article: Introduction to Fiscal Impact Analysis (Harrison & French, UNH)</p>	<p>Brief #3 Due</p>
<p>March 13 – 17, 2017 Spring Break</p>				
19	10	<p>Wednesday, March 22, 2017</p> <p>Topic: Non-Profit Budgeting -- Focusing on the particular challenges that nonprofit organizations face in their budgeting process, including sources of capital, operating challenges, and relationships with government funders.</p>	<p>Article: Budgeting: A Guide for Nonprofit Organizations</p> <p>Article: Financial Sustainability for Nonprofit Organizations (Rand, 2012)</p>	
20		<p>Friday, March 24, 2017</p> <p>Topic: Tax Expenditures: Incentives, tax credits, exemptions -- A look at the budgetary impact of tax credits and exemptions, focusing on financial incentives offered for economic development, including discussion on GASB 77, which requires jurisdictions to record tax incentives.</p>	<p>Article: GASB 77</p> <p>Article: GASB 77 Summary Available on line</p> <p>Article: GASB 77 Reporting Rules on Tax Abatements</p>	<p>Date of Team presentation determined.</p>
21	11	<p>Wednesday, March 29, 2017</p> <p>Topic: Assessing a community's economic and social health, through the Benchmarking 2016 Report</p>	<p>Article: Benchmarking 2016 Report from CRP</p> <p>Article: Performance Measurement in Budgeting (Wang, 2002)</p>	

22		Friday, March 31, 2017 Topic: The Importance of a Diverse, Sustainable, Balanced Regional Economy -- Using Columbus 2050 as an example, discussion into how regional economies work and the types of fiscal disparities that are created.	Article: Columbus 2050 Full Report Article: Columbus 2050 Summary Newspaper articles on Columbus 2050	
23	12	Wednesday, April 5, 2017 Topic: Looking at the “inside game” about the dynamics between a department head in city government and the city budget director.		
24		Friday, April 7, 2017 Class Time to work on Team Presentations	Article: GFOA Award Criteria for CAFRs (required for the Final Individual Project)	Brief #4 Due
25	13	Wednesday, April 12, 2017 Team Presentations		5 Team Presentations
26		Friday, April 14, 2017 Team Presentations		6 Team Presentations
27	14	Wednesday, April 19, 2017 Team Presentations if necessary; Completion time for Final Individual Presentation		
28		Friday, April 21, 2017 Class Wrap-up: Lessons from a Legend		Deadline to Submit Individual Presentations

SAMPLE

ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)

(From: <http://oaa.osu.edu/coamfaqs.html#academicmisconductstatement>)

The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's *Code of Student Conduct* and that all students will complete all academic and scholarly assignments with fairness and honesty. Failure to follow the rules and guidelines established in the University's Code of Student Conduct may constitute "Academic Misconduct." Sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

In the Ohio State University's *Code of Student Conduct*, Section 3335-23-04 defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's *Code of Student Conduct* is never considered an "excuse" for academic misconduct.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Other sources of information on academic misconduct (integrity) to which you can refer include The Committee on Academic Misconduct web page: <http://oaa.osu.edu/coam.html>

Ten Suggestions for Preserving Academic Integrity: <http://oaa.osu.edu/coamtensuggestions.html>

Eight Cardinal Rules of Academic Integrity: www.northwestern.edu/uacc/8cards.html

Glenn College Diversity Values Statement:

The Glenn College is committed to nurturing a diverse and inclusive environment for our students, faculty, staff, and guests that celebrates the fundamental value and dignity of everyone by recognizing differences and supporting individuality. We are dedicated to creating a safe space and promoting civil discourse that acknowledges and embraces diverse perspectives on issues and challenges that affect our community.

Accommodation Policy

"Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>."

Mental Health Statement

As a student, you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know is suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the **Office of Student Life Counseling and Consultation Services (CCS)** by visiting ccs.osu.edu or calling 614-292- 5766. CCS is located on the 4th Floor of the Younkin Success Center and 10th Floor of Lincoln Tower. You can reach an on call counselor when CCS is closed

at 614--292--5766 and 24 hour emergency help is also available through the 24/7 National Suicide Prevention Hotline at 1--800--273--TALK or at suicidepreventionlifeline.org

Helpful Resources

Writing Consulting: Students wishing to have additional help with the writing of their papers can meet with a consultant at the Writing Center (<https://cstw.osu.edu/writing-center>).

Library Assistance: The Glenn College has a dedicated librarian at OSU Libraries, David Lincove (lincove.1@osu.edu), who can help provide research assistance. For more information and links to some common public affairs resources, see - <http://go.osu.edu/8gx>.

Sensitive Content Warning Statement

(Note - Some students around the country are requesting that professors give a warning ahead of time if there is class material that could evoke a traumatic experience. Some schools, such as Oberlin College, have a proposed policy that would have required professors to give such warnings. Ohio State does not have a formal policy regarding trigger warnings, but the following language could be used by a faculty member who may want to provide such warnings, perhaps in the syllabus.)

SAMPLE