Course Description

This course provides an introduction to government budgeting. The first part of the course consists of lectures, case studies, and memo-writing; the second part consists of a budgeting laboratory in which students work in teams to prepare a budget for a local government. Throughout the course, students will have a chance to apply the tools learned in the core financial management course, such as net present value and variance analysis; acquire additional financial management tools, such as revenue-forecasting techniques; and further develop their Excel skills, including Pivot Tables and Data Tables.

Prerequisites

P11.1011: Statistics
P11.1018: Microeconomics
P11.1021: Financial Management
P11.2140: Public Finance (recommended but not required; may be taken concurrently)

Excel

I will provide a brief overview of each of the Excel tools we will use in this course (Pivot Tables, Data Tables, Lookups, and Array Formulas). Students who have never used these tools before should consider taking Wagner’s Excel II Workshop, buying an Excel book (such as the Excel Bible), and/or using an online tutorial (such as mrexcel.com or office.microsoft.com).

Course Materials

Textbook: Aronson & Schwartz, Management Policies in Local Government Finance, 5th edition (there is a copy on reserve at Bobst Library)

Budget lab: Rabin, Hildreth, & Miller, Public Budgeting Laboratory Data Sourcebook, 2nd edition

Case studies: Available for purchase from the professional bookstore
Grading

4 case-study memos: 40%
4 budget-lab assignments: 40%
Class participation: 20%

Case-Study Memos

There are four case-study memo assignments, each worth 10% of your course grade. Each memo must be no more than two pages, single-spaced, with one-inch margins and a 12-point font, and must include a professional memo heading with to, from, subject, and date lines. Please use complete sentences and paragraphs; do not use bullet points. Memos that do not meet these requirements will not receive full credit. Each memo has an Excel component; I will provide Excel templates for memos 1, 2, and 4. Please attach your spreadsheets to the end of your memo; spreadsheets do not count toward the page limit. I encourage you to discuss the memo assignments with your classmates, but each student must prepare his or her own memo and Excel spreadsheets. Case-study memos must be submitted in hard copy at the beginning of class. Late assignments will not receive any credit except in extreme cases such as medical emergencies.

Budget-Lab Assignments

There are four budget-lab assignments, each worth 10% of your course grade. Assignments 1, 2, and 4 consist of a two-page memo (see guidelines above) and Assignment 3 consists of a PowerPoint presentation. Each lab assignment also has an Excel component; I will provide Excel templates for all four assignments. Lab assignments are completed in teams of five students. All team members will receive the same grade on Assignments 1, 2, and 4; students will receive individual grades on Assignment 3. To minimize free-riding, at the end of the semester I will ask students to fill out an anonymous survey about their teammates’ contributions to the team effort. Budget-lab assignments must be submitted electronically on the course website by 11:59 pm on the Monday night before class. Late assignments will not receive any credit except in extreme cases such as medical emergencies.

Class Participation

Because this course is based on the case and laboratory method, it will only work well with active participation from all students. I expect you to come to class having carefully read all of the assigned readings and ready to exchange ideas with your classmates. Your participation grade will be based on not only the quantity but also the quality of your contributions to the class discussion. I understand that you might need to miss a class sometime during the semester; however, missing several classes will result in a lower course grade except in extreme cases such as medical emergencies. If you need to miss a class, you do not need to notify me. However, you are responsible for finding out what you missed—including any announcements made in class—from one of your classmates. The last two classes are very important and should not be missed.
Course Outline: Readings and assignments must be completed by the dates listed below. Note that there is a reading assignment for the first class.

Case studies typically build on the previous week’s lecture topic so that you have a chance to digest the lecture material beforehand. For example, in class 3 we will discuss a case study on the federal budget process that builds on the material learned in class 2.

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<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
<th>Case Studies</th>
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<tbody>
<tr>
<td>September 7</td>
<td><strong>The Budget Context and Outlook</strong></td>
<td>Textbook chapters 1 and 4</td>
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<td>September 14</td>
<td><strong>The Budget Process</strong></td>
<td>Textbook chapter 7</td>
<td>“Introduction to the Federal Budget Process”</td>
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<td>September 21</td>
<td><strong>The Intergovernmental System</strong></td>
<td>Textbook chapters 2 and 3</td>
<td>“The Reagan Revolution”</td>
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<td>“Memo-Writing Guidelines” handout</td>
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<td>September 28</td>
<td><strong>Taxes</strong></td>
<td>Textbook chapters 10 and 11</td>
<td>CASE: “Defining Equity: Implementing the Weighted Student Formula in Chicago Public Schools”</td>
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<td>Due in class: <strong>Memo 1</strong> (“Defining Equity”)</td>
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<td>October 5</td>
<td><strong>Taxes (Continued) and User Charges</strong></td>
<td>Textbook chapters 12 (up to p. 345) and 13</td>
<td>“North Carolina and the Battle for Business”</td>
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<td>October 12</td>
<td><strong>Privatization and Procurement</strong></td>
<td>Textbook chapter 12 (p. 345-end) and 15 (skim)</td>
<td>“Fare Deal: Pricing Public Transit in New York”</td>
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<td>Due in class: <strong>Memo 2</strong> (“Fare Deal”)</td>
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October 19:  Capital Budgeting and Debt Management
Read before class: Textbook chapters 6 and 14
CASE: “Trash Collection in Lone Pine: To Privatize or Not?”
Due in class: Memo 3 (“Trash Collection”)

October 26:  Public Pensions and Investment Management
Read before class: Textbook chapters 16 (p. 469-end) and 18
CASE: “Grand Central Terminal: Restoring the Grandeur”
Due in class: Memo 4 (“Grand Central”)

November 2:  Introduction to the Budgeting Laboratory
Read before class: CASE: “Pension Reform in California”
Budget lab sourcebook pp. 1-27
“Excel Pivot Tables” handout

November 9:  Revenue Forecasting
Due before class: Lab assignment 1 (Revenue history)
Read before class: Textbook chapter 5

November 16:  Expenditure Requests
Due before class: Lab assignment 2 (Revenue forecast)

November 23:  ***NO CLASS***
Meet with teammates to prepare expenditure requests

November 30:  Budget Hearings
Due before class: Lab assignment 3 (Expenditure request)

December 7:  Budget Preparation
Due before class: Lab assignment 4 (Budget proposal)