Course Description

This is a course in state and local government budgeting in the United States. The course emphasizes budgetary policy and management, analytical techniques, and memo-writing, and it concludes with a case study on ethics in public budgeting and an integrative budget request assignment. The course builds upon the concepts and techniques students learned in their core courses in financial management, microeconomics, and statistics, and it will introduce new analytical tools, including: bond analysis, fund accounting, payroll simulation, performance budgeting, and revenue estimation. In addition, students will further develop their Excel skills—particularly the use of pivot tables, what-if analysis, and linear regression.

Course Objectives

By the conclusion of the semester, students will learn:

1. The functions, processes, and institutions of state and local government budgeting in the U.S.
2. The interconnection of fund accounting, capital budgets, and operating budgets in U.S. state and local governments.
3. The core policies and management practices that govern revenue collection and administration, personnel services, other than personnel services (OTPS), capital budgeting, debt management, pensions, other post-employment benefits (OPEB), and public-private partnerships (P3) in U.S. state and local governments.
4. A set of new analytical tools, including: bond analysis, fund accounting, payroll simulation, performance budgeting, and revenue estimation.
5. New skills in Microsoft Excel, especially pivot tables, what-if analysis, and linear regression.

Prerequisites

1. CORE-GP 1011: Statistical Methods for Public, Nonprofit, and Health Management
2. CORE-GP 1018: Microeconomics for Public Management, Planning, and Policy Analysis
3. CORE-GP 1021: Financial Management for Public, Nonprofit, and Health Organizations
Required Textbook


Most of the assigned readings are in this textbook, though additional readings will be posted to NYU Classes. Lectures, assignments, and the exam require that you complete all assigned readings prior to their corresponding lectures.

Excel

This course provides some instruction and reference material on the advanced Excel techniques that are required to complete the assignments—array formulas, pivot tables, what-if analysis, and linear regression, among others. Students who require more instruction on these topics, however, should enroll in Excel Computer Module II (NONCR-GP 933). It meets on three Saturdays, 10am–12pm: September 20, October 4, and October 11.

Assignments

Memos
You will write three memos addressed to a fictional department head. Each will require that you perform an analysis in Microsoft Excel and report the results in a typewritten memo that is no longer than two single-spaced pages (12-point Times New Roman font, one-inch margins). Any required figures or tables will be in addition to the two-page write-ups. Detailed assignment sheets will be posted to NYU Classes.

Midterm Examination
There will be an in-class midterm examination during Class 8. You may bring one standard (8.5” x 11”) sheet of notes (2 sides) to the exam. Your notes may be handwritten or typewritten, and there are no restrictions on content.

Budget Request
Your final assignment, due December 8, is a complete budget request for a fictional agency. I will provide you parameters, assumptions, a template, and data, and you will use this information to prepare the agency’s budget request for the coming fiscal year. In addition to a Microsoft Excel spreadsheet, you will submit a memo (using the same specifications as above) to the fictional department head in which you explain your request. A detailed assignment sheet will be posted to NYU Classes.

Grading

Your course grade will be calculated as follows:
50%: 3 Memos (1 x 10%, 2 x 20%)
25%: Midterm Examination
25%: Budget Request
Class Dates and Topics

September 8  Class 1: The Budget Function
- Goals and objectives of government budgeting
- Budgetary context and fiscal outlook

Reading: BHM Chapters 2 and 3

September 15  Class 2: The Budget Process
- The budget cycle and budget formats
- Actors, procedures, and institutions

Reading: BHM Chapters 4 and 6

September 22  Class 3: Budgetary Accounting
- Accounting bases and standards
- Fund accounting and budgeting

Reading: BHM Chapter 5
Assignment Due: Memo 1

September 29  Class 4: Property and Sales Tax
- Policies and administration
- Revenue estimation

Reading: BHM Chapters 8 and 9

October 6  Class 5: User Fees
- Pricing public goods and services
- Nontax revenue evaluation criteria

Reading: BHM Chapter 10

October 13  NO CLASS (Fall Break)

October 20  Class 6: Personnel Services and OTPS
- Payroll cost accounting and simulation
- Forecasting OTPS

Reading: None
Assignment Due: Memo 2
October 27  Class 7: Capital Budgeting and Debt Management
    • Capital planning and budgeting techniques
    • Bond analysis

    Reading: BHM Chapters 11 and 12

November 3  Class 8: Midterm Examination

November 10 Class 9: Investments, Pensions and OPEB
    • Policies and accounting
    • Budgeting for pension benefits and OPEB

    Reading: BHM Chapter 13

November 17 Class 10: Preparing a Budget Request
    • Parameters and assumptions
    • Data analysis

    Reading: None
    Assignment Due: Memo 3

November 24 Class 11: Procurement and P3
    • Procurement practices
    • Performance contracting (including “Social Impact Bonds”)

    Reading: BHM Chapters 15 and 16

December 1 Class 12: Budget Audit and Evaluation
    • Financial auditing
    • Performance audits and single audits

    Reading: BHM Chapter 17

December 8 Class 13: Government Fiscal Sustainability
    • Budgetary “uncontrollables”
    • Structural deficits and imbalances

    Reading: “Structural Challenges in State Budgeting”;
    “The Rube Goldberg Machine of Budget Implementation, or Is There a Structural
    Deficit in the New York City Budget?”

    Assignment Due: Budget Request
December 10* Class 14: Ethics in Public Budgeting

- Cutback management
- Vulnerable populations

Reading: “Implementing Budget Cuts in the Basic Health Plan”

* December 10 is a Wednesday, but as per the official university academic calendar, classes on December 10 meet on a Monday schedule.