



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

PADM-GP 2143

Government Budgeting

Spring 2023

Instructor Information

- Travis St.Clair
- Email: travis.stclair@nyu.edu
- Office Address: Puck 3048 (3rd Floor)
- Office Hours: Thursdays, 3–5pm, or by appointment
 - Office hours are over Zoom unless otherwise requested
 - Sign up [here](#)

Course Information

- Class Meeting Times: Wednesdays 6:45–8:25pm
- Class Location: Global Center for Academic & Spiritual Life, 238 Thompson, Room 288

Course Prerequisites

- CORE-GP 1011: Statistical Methods for Public, Nonprofit, and Health Management
- CORE-GP 1018: Microeconomics for Public Management, Planning, and Policy Analysis
- CORE-GP 1021: Financial Management for Public, Nonprofit, and Health Organizations

Course Description

An understanding of government budgeting is critical to understanding the policy process and the workings of government. This course covers the theory and practice of government budgeting at both the national and subnational levels. It reviews how governments raise revenue, the process and procedures by which they allocate funds, and the various budgetary institutions that shape fiscal outcomes. The course builds on the concepts and techniques that students learned in their core courses in financial management and microeconomics and introduces new tools that can be applied to the analysis of budgetary information. Along the

way, the course draws on insights from political science, economics, accounting, and public administration.

Course and Learning Objectives

By the conclusion of the semester, students will learn:

1. The functions, processes, and institutions of government budgeting
2. The interconnectedness of fund accounting, operating budgets, and capital budgets.
3. A set of new analytical tools, including: revenue forecasting, fund accounting, budget modeling, performance budgeting, and fiscal condition analysis.
4. How to prepare and critically assess key budget documents.

Learning Assessment Table

Corresponding Course Learning Objective	Corresponding Assignments
#1	Quizzes, Memos, Short Assignments
#2	Memos, Quizzes
#3	Memos, Short Assignments
#4	Memos, Quizzes

Course Materials

We will be relying on readings from a variety of sources rather than using a textbook. In some cases these readings will presuppose a certain level of knowledge about the topic. To ensure that everyone in the class is on the same footing, I will be assigning optional chapters from a textbook, which I will label as supplemental. The textbook is: Mikesell, *Fiscal Administration*, Tenth Edition (2018), Wadsworth. You are welcome to rent or purchase an earlier edition.

Course Requirements

There will be four components used in determining your final grade for the course:

Short-Assignments, 20%

- There will be two short assignments, each worth 10% of your grade: a program budget, and a summary of a budget hearing.
 - Program Budget: You will be required to prepare a budget for a new government program. The assignment should be submitted via Brightspace as a single Excel document.
 - Budget Hearing: At some point during this semester, you must attend a NYC City Council budget hearing (any hearing related to budget matters) and write up a short description (1 page single-spaced) of what occurred as well as where the

budget process currently stands. The [schedule of committee meetings](#) can be found here: <http://legistar.council.nyc.gov/Calendar.aspx>. (Search under “Committee on Finance.”) You may attend any hearing/meeting of your choice, so long as you turn in your summary before the end of the semester. The last day I will accept your summary is May 5th. Additional information is provided in a hand-out posted to Brightspace.

Memos, 50%

- You will be required to write two memos, each of which will require accompanying spreadsheets. Specific instructions for the written assignments will be passed out at a later time. All assignments should be submitted via Brightspace.
 - Memo: Revenue Forecast, 25%
 - Memo: Capital Budget and Debt Management Analysis, 25%

Take-Home Quizzes, 30%

- There will be two take-home quizzes, each worth 15% of your grade. The quizzes will be open book and open note.

Class Participation

- While class participation will not be a formal part of your grade, all students are expected to come to class having read the assigned material and prepared to engage in class discussion. Participation will be a factor in determining course grades in cases where a student is on the margin between two grades.

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner’s Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with me.

Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.

Overview of the Semester

<u>Week</u>	<u>Class</u>	<u>Date</u>	<u>Topics</u>	<u>Assignments</u>
1	1	January 25	Principles of Public Finance	
2	2	February 1	Taxation – Evaluation Criteria	
3	3	February 8	Income and Property Taxes	
4	4	February 15	User Fees and Taxes on Goods and Services	
5	5	February 22	Tax Expenditures - The Budget Process	Quiz #1 Due
6	6	March 1	Budget Concepts	
7	7	March 8	Budget Preparation	
8		March 15	No Class – Spring Break	
9	8	March 22	Cost Analysis	Memo #1 Due
10	9	March 29	Budget Approval	
11	10	April 5	Comparative Budgeting and the U.S. Federal Budget Process	Program Budget Due
12	11	April 12	Budget Execution	
13	12	April 19	Capital Budgeting and Debt Management	Quiz #2 Due
14	13	April 26	Fiscal Federalism	
15	14	May 3	Fiscal Sustainability	
16		May 5		Memo #2 Due Summary Due

Course Outline and Reading List

Class 1: Principles of Public Finance

Topics Covered:

- Why government?
- How much government?

Read before class:

- Musgrave and Musgrave, Fiscal Functions: An Overview, in Public Finance in Theory and Practice
- (Supplemental) Mikesell, Chapter 1 and Chapter 2 up to page 55 (“Budget Process and Logic”)

Class 2: Taxation: Evaluation Criteria

Topics Covered:

- Equity and Efficiency
- Incidence
- Administration

Read before class:

- Ross, A Primer on State and Local Tax Policy
- (Supplemental) Mikesell, Chapter 8

Class 3: Income and Property Taxes

Topics Covered:

- Payroll Taxes
- Deductions and Credits

Read before class:

- [Tax Policy Center, Individual Income Tax](#) [click through pages 1-7]
- [Tax Policy Center, Payroll Taxes](#) [click through pages 1-5]
- [Tax Policy Center, Property Taxes](#)
- Brown, A Primer on the Implementation of Wealth Taxes
- (Supplemental) Mikesell, Chapters 9, 11
- (Optional/PhD) [Rauh, Taxes, Revenues, and Net Migration in California](#)

Class 4: User Fees and Taxes on Goods and Services

Topics Covered:

- Value Added Taxes
- Taxes as Instruments of Social Policy

Read before class:

- [Tax Policy Center, State and Local Sales Taxes](#)
- [Tax Policy Center, Value Added Tax](#) [click through pages 1-12]
- [Urban Institute, Following the Money on Fines and Fees](#)

- (Supplemental) Mikesell, Chapters 10, 12

Class 5: Tax Expenditures - The Budget Process

Topics Covered:

- Tax Expenditures
- The Budget Cycle
- Revenue Forecasting

Read before class:

- [Tax Policy Center, Tax Expenditures](#) [click through pages 1-5]
- [NYC Independent Budget Office, Understanding New York City's Budget](#)
- (Supplemental) Mikesell, Chapter 2 from p. 55–end (starting from “Budget Process and Logic”), Chapter 13

Assignments Due:

- Quiz #1

Class 6: Budget Concepts

Topics Covered:

- Budget Formats
- Performance Budgeting
- Budgetary Accounting
- Fund Accounting

Read before class:

- Rodgers and Sullivan, Reconsidering the President's Commission on Budget Concepts of 1967
- [IMF, A Basic Model of Performance-Based Budgeting](#)
- (Supplemental) Mikesell, Chapter 6

Class 7: Budget Preparation

Topics Covered:

- Preparing the budget request
- Budgetary Institutions

Read before class:

- Urban Institute, Sustainable Budgeting in the States [skip appendices]
- (Supplemental) Mikesell, Chapter 3 (up to p. 131, “Managing Budget Execution”)

Class 8: Cost Analysis

Topics Covered:

- Direct vs. Indirect
- Fixed vs. Variable
- Budget Models

Read before class:

- Kioko and Marlowe, Chapter 5: Cost Analysis, in Financial Strategy for Public Managers

Assignments Due:

- Memo #1

Class 9: Budget Approval

Topics Covered:

- State and Local Budget Processes

Read before class:

- Urban Institute, Fiscal Democracy in the States: How Much Spending is on Autopilot [read Major Findings section]
- [Volcker Alliance, Truth and Integrity in State Budgeting \(read up to p. 30, "Fifty State Report Cards\)](#)
- (Supplemental) Mikesell, Chapter 5

Class 10: Comparative Budgeting and the U.S. Federal Budget Process

Topics Covered:

- Proposed Reforms to the U.S. Process

Read before class:

- [Center on Budget and Policy Priorities, Introduction to the Federal Budget Process](#) [read as needed for a simple overview]
- [Congressional Research Service, Introduction to the Federal Budget Process](#)
- Domenici and Rivlin, Proposal for Improving the Congressional Budget Process
- (Supplemental) Mikesell, Chapter 4

Assignments Due:

- Program Budget

Class 11: Budget Execution

Topics Covered:

- Auditing
- Government Financial Reporting

Read before class:

- [Parziale, Reprogramming and the Department of Defense](#)
- (Supplemental) Mikesell, Chapter 3 (p. 131-end, from “Managing Budget Execution”)
- (Optional/PhD) Liebman and Mahoney, Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement.

Class 12: Capital Budgeting and Debt Management

Topics Covered:

- Debt Management
- P3s

Read before class:

- [NASBO, Capital Budgeting in the States](#) [Report consists primarily of tables. Focus on the introductions to the five chapters (about 25 pages of text)]
- [Volcker Alliance, New York: State of Debt](#)
- [NYC Independent Budget Office, A Guide to NYC’s Capital Budget](#)
- (Supplemental) Mikesell, Chapter 7, Chapter 15

Assignments Due:

- Quiz #2

Class 13: Fiscal Federalism

Topics Covered:

- Intergovernmental Grants

Read before class:

- [Congressional Research Service, Block Grants: Perspectives and Controversies](#)
- [Kaiser Family Foundation, Medicaid Financing: The Basics](#)
- (Supplemental) Mikesell, Chapter 14

Class 14: Fiscal Sustainability

Topics Covered:

- Pensions

- OPEB

Read before class:

- [Pew, The State Pension Funding Gap](#)
- [GAO, State and Local Government Fiscal Outlook: 2019 Update](#)
- (Optional/PhD) Novy-Marx and Rauh, The Revenue Demands of Public Employee Pension Promises

Class 15: Final Project Due May 5th at 12 noon

Assignments Due:

- Memo #2 Due May 5th at 12 noon
- Summary of Budget Hearing Due May 5th at 12 noon