PUBA 608: Public Budgeting

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Purpose and scope
The purpose of this course is to give you an overview, with some in-depth analysis, of public budgeting at all levels of government (federal, state, and local) in the United States.

Student Learning Objectives
By the end of this course, you will be able to
1. Identify and use common and technical budget terms.
2. Identify and discuss current public budgeting issues at the three levels of government in the U.S.
3. Interpret information from public budget documents.
4. Identify and discuss the relative merits of proposals related to taxation and budgets.
5. Identify and analyze proposals to address fiscal shortfalls in the public sector.

Readings:

Books:


Articles/Chapters (Not all of these are required; recommended readings are indicated with * in the calendar below):


Diamond, Peter and Emmanuel Saez. 2011. "The Case for a Progressive Tax:


Joyce, Philip G. and Scott Pattison. 2010. "Public Budgeting in 2020: Return to Equilibrium, or Continued Mismatch between Demands and Resources?" 70(Supplement) Public Administration Review s24-s32.


Moynihan, Donald P. and Stephane Lavertu. 2012. "Does Involvement in


Relevant online documents:
City and County of Honolulu, FY 2013 Budget.
State of Hawaii, *Executive Supplemental Budget (for Budget Period 2011-2013)*.
State of Hawaii Constitution, Article VII.
Hawaii Revised Statutes, Chapter 37.
State of Hawaii Council on Revenues
State of Hawaii Tax Review Commission

**Required work:**
Attendance and participation are important because we meet only weekly and because this will be a small class. Each week, participants will be expected to attend class AND to make a posting on the discussion section of our course in Laulima. The weekly contribution must be posted BEFORE class each week, and may comment on such things as the readings for the week, an issue raised in a previous class, related issues found in newspapers or other periodicals, or the comments/postings of other class members. Commenting on each others' postings is especially encouraged, as this promotes dialogue and mutual understanding. The purpose of these postings is to encourage you to actively think about, and apply, the ideas and concepts that we discuss; and to encourage others to engage your observations and ideas. The postings need not be long, but they should be substantive in terms of content. On occasion, I may post something, but I will typically not participate in these postings. I will, of course, monitor them.
Because unexpected events happen to all of us, up to three missed classes may be made up by a substantial posting in the week of the absence. A fourth missed class will negatively affect the final grade in the course. A fifth missed class will result in an Incomplete or failing grade.
Please bring to each class a device to do calculations--a calculator, computer with spreadsheet program, etc. We will sometimes have exercises that require you to do computations.

**Project:** Your main graded work in this course will be related to a semester-long project. You have a basic choice between a project related to the U.S. federal budget deficit or a project of your creation (subject to my approval).

**A. Federal Deficit**
As you are aware, the United States is struggling with large fiscal imbalances (deficits and mounting debt). Your project could explore one of the dimensions of this problem for the U.S. federal budget. Possible sources of information include articles, studies, and reports by reputable organizations (e.g. Brookings Institution, Cato Institute, Center on Budget and Policy Priorities, National Taxpayers Union), scholars, government executive agencies (e.g. Office of Management and Budget), and Congress (e.g. Congressional Budget Office). I presume most of you will access this information on the internet, but other sources are also acceptable. If using information from the internet, it is important that you evaluate the credibility and reliability of the source.

To assist you, here are some possible approaches. You may choose one of these, or you may create your own (which must be approved by me).

- Choose one of the suggestions from the President's 2010 National Commission on Fiscal Responsibility and Reform report (on Laulima, see WhiteHouse-120110Report.pdf). Identify the issues involved in that suggestion, the interested parties, and any action taken.
- Explore the proposal to amend the Constitution to require a balanced budget.
- Explore the deficit problem as it relates to Social Security and/or Medicare.
- Explore the proposal to replace the income tax with a consumption tax (or a value-added tax).
- Consider the degree to which bond markets and rating agencies are effective in constraining the federal deficit.
- Compare and contrast the emerging resolution of deficit issues with the approach that Congressman Paul Ryan made in 2010 in the 111th Congress.

Alternatively, you may create your own project. For example, you could choose a topic related to the Hawaii State budget. Aligning resources to meet expenditures is always an issue. This year, the Legislature is likely to consider revising the solar tax credit program because of fears that too much revenue is being lost. There has also been a recent Tax Review Commission report, some of the proposals of which, may make an interesting project. Or, you could choose a public budgeting topic in another country. Increasingly, public budgets of one country have implications for budgets of others. For example, one could explore aspects of the linked fiscal situations of European countries (the on-going sagas of Greece, Portugal, Spain, Italy, and so on). Or one could consider the implications for another country's fiscal conditions of decisions made relative to the U.S. budget situation.

You should formulate a relatively well-defined approach for your project. The key to success will be identifying a portion of your topic that you can reasonably research and think about in the time available. My goal for you is to learn about your topic throughout the semester, bringing to it your growing knowledge from our class sessions, and completing research that substantially deepens your understanding and produces a high-quality work product.

In the following project reports, please be sure to cite sources for the specific information that you provide and give a list of references. All of the written reports should be submitted electronically.
On January 23, you will report to me by email your intended project topic/approach for my approval. Your short description should be sufficient to convey the most important issues as you see them. That is, why is this project topic interesting/important? I will respond either approving your topic or making suggestions for changes.

On February 13, you will submit your First Written Project Report. This is a short, written report that describes your intended approach to the project, including a statement of the major issues as you see them, a description of your intended approach for analyzing them, a mention of the sources you expect to use, and some speculation about what you expect to find/conclude. The report should not exceed 6 pages (double-spaced, Times-Roman 12-point font, 1” margins all around).

On March 13, you will provide to the class a brief oral report on the status of your project. The report should include a statement of the main issues, what you have found so far, and where you expect/hope the project to go.

On April 17, you will submit the Second Written Project Report. This will provide a detailed discussion of the topic seen through the lens(es) that you have chosen. The second project report is not likely to exceed 12 pages (same formatting as in the first report).

On May 1, you will make a final class presentation on your project. To the extent appropriate, you should incorporate, or link to, the budgetary concepts/issues that we discussed in class. The purpose of this presentation is to display your ability to identify and apply the concepts and ideas discussed in class to the project as you have framed it.

On or before May 8, you will hand in a written reflection piece in which you consider what you have experienced in this project. In thinking about the project, what are the three most important “lessons” that you learned? What might leaders have done differently? What seemed to be the major obstacles? What seemed to work pretty well? These are only suggestions of the kinds of questions that may be relevant; feel free to add/substitute your own. I would expect most of these reflection pieces to be about 3 pages (same formatting as above).

Course Grade: Your grade in this course will be assigned as follows:

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<tr>
<th>Assignment</th>
<th>Percentage</th>
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<tr>
<td>Class discussion (including weekly Laulima discussion postings)</td>
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<td>Email report of topic choice (due January 23)</td>
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<td>First Written Project Report (due February 13)</td>
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<td>Brief Oral Report of Status (March 13)</td>
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<td>Second Written Project Report (due April 17)</td>
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<td>Final Project Presentation (May 1)</td>
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<td>Reflection Piece (due by May 8)</td>
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Outline/Calendar:
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<th>Session/Date</th>
<th>Topic</th>
<th>Readings marked with * are optional (but recommended)</th>
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| Session 1  
Jan. 9       | Introduction and Overview Public Budget Principles & Concepts | M: 1 FB: Introduction Fisher Ma and Hou |
| Session 2  
Jan. 16      | Government Size, Budget Process, Players | M: 2  FB: Memo 1 |
| Session 3  
Jan. 23      | Federal Budget I General Email on Topic Choice due | M: 3 (pp. 97-131) FB: Memo 2  
Budget System and Concepts* (useful for definitions)  
Higgs*  
Posner 2007*  
Doyle*  
Meyers and Rubin, Wehner Joyce and Mihm |
| Session 4  
Jan. 30      | Federal Budget II Deficits and Debt | M: 3 (pp. 131-142). White House*  
Calmes  
Baker  
King and Soneji |
| Session 5  
Feb. 6       | State Budget I States Generally | M: 3 (pp. 142-157) FB: Memo 3  
Cooper  
Associated Press  
Hou et al. and Pattison 2011  
Bae et al. |
| Session 6  
Feb. 13      | State Budget II Hawaii | FB: Memo 4  
Hawaii Constitution, Article VII  
Hawaii Revised Statutes, Ch. 37 (light skim)  
DePledge 2011a  
Hou and Brewer*  
Rodriguez-Tejedo and Pattison 2012  
Rousslang  
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<td>Session 7</td>
<td>Feb. 20</td>
<td>Local Budget</td>
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<td>First Written Project Report Due</td>
<td>C&amp;C Operating Budget FY2013 (4.3 Mb)</td>
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<td>C&amp;C Capital Budget FY2013 (3.2 Mb)</td>
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<td>Coe* Ho and Gloo Alessi-Pessina et al.</td>
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<td>Session 8</td>
<td>Feb. 27</td>
<td>International Perspective &amp; Intergovernmental Relations</td>
<td>M: 13 Benito and Bastida</td>
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<td>Duhigg and Kocieniewski</td>
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<td>Session 9</td>
<td>Mar. 6</td>
<td>Capital Budgeting &amp; Debt</td>
<td>M: 6 &amp; 14 DePledge 2011b</td>
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<td>Bifulco et al.</td>
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<td>Session 10</td>
<td>Mar. 13</td>
<td>Government Revenue</td>
<td>M: 7 &amp; 11 Lindert</td>
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<td>Brief Oral Report on Project</td>
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<td>Session 11</td>
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<td>Taxation: Income Tax</td>
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<td>Mar. 27</td>
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<td>SPRING BREAK</td>
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<td>Session 12</td>
<td>Apr. 3</td>
<td>Taxation: Sales/Consumption Taxes</td>
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<td>Taxation: Property Taxes</td>
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<td>Session 13</td>
<td>Apr. 10</td>
<td>Revenue Forecasting</td>
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<td>FB: Memo 7 Cornia, Nelson, and Wilko</td>
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| Session 14 | Budget Reforms; Performance Measurement | M: 5
FB: Memo 8 & Final Word
Hernandez
Nixon 2012a
White and Anderson
Heinrich
Moynihan and Lavertu |
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<td>Apr. 17</td>
<td>Second Written Project Report Due</td>
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| Session 15 | Public Employee Retirement Systems | M: 15 (683-692)
Cooper and Walsh
Walsh
Nixon 2012b
DiNapoli and Coyle |
| Apr. 24 | | |
| Session 16 | Student presentations | Joyce & Pattison |
| May 1 | | |
| May 8 | NO CLASS
Reflection Piece on Project Due | |