Introduction

The goals of this class are to provide you with basic understandings of

(1) budgets and their economic, political, and management functions,

(2) the steps to be followed in developing a budget and the skills needed to read and analyze budgets and financial statements

(3) the characteristics of public and private goods and the implications of market failure for a society,

(4) the nature and structure of collectivities for the provision and production of public goods and services

(5) the delivery of public goods and services in a federalist system with active public, private, and nonprofit sectors,
(6) the class and economic conflicts that shape the supply of public goods and services,

(7) the revenue sources for supporting public good,

(8) the national debt and the debate over a balanced budget, and

(9) the role of collectivities in addressing the equitable distribution of services.

An overview of this nature involves a consideration of many different issues. As a result, the readings, class discussions, and individual and group exercises include writings by economists, political scientists, lawyers, and students of public administration. Contributions from representatives of each of these disciplines have increased our understandings of (1) the organization of a society to deliver public and private goods, (2) the processes used to develop budgets, (3) the impact of the public and nonprofit sectors on the private sector, (4) the interdependencies between the public, private, and nonprofit sectors, (5) the role of budgets as a tool for managing an organization, (6) the responsibilities of the public sector for (6a) the performance of the economy and (6b) the distribution of goods and services, (7) the role of normative values in allocating resources, and (8) the equity issues involved in the provision of services.

With discussions and reading material from many different fields some people may find a few of the economists’ arguments challenging while others struggle with political perspectives, legal precedents, or administrative theories. The class discussions and written assignments are designed to help each class member work through many of these points and shape their understandings of public finance and budgeting into a practical management tool. Our discussions will apply the tools of budgeting to some of the major policy issues that confront every society in an effort to identify options and outcomes from different policy choices. Finally, as budgeting is a management or administrative process, the course will provide you with insight into the ways in which organizations can be structured to develop and implement a budget to efficiently allocate scarce resources among competing program options.
The utilization of material from different subject areas in a seminar that meets once each week requires a high level of group discussion to evaluate all points and arguments. It is anticipated that each of our meetings will become large group discussions with participation by everyone. For this outcome to be realized it is essential that everyone read the assigned materials. To also provide an on-line experience to the class, one or two sessions are planned as an interactive event. Details on that we will be discussed as the class progresses.

**READING MATERIALS**

Three books will be used for this class. Selected materials have also been placed on reserve and there are a number of reading assignments taken from various web sites will also be used. If the books are not immediately available in the CSU bookstore, class members are URGED to order them from any of the on-line book services (e.g., Amazon, etc.)


**Evaluation**

Grades will be a function of two budget exercises, class participation, a midterm, and a final. Each of two budget exercises are worth 10 percent of the
The midterm is worth 35 percent, and the final is worth 40 percent. Class participation accounts for 5 percent of the final grade.

Course Calendar


1. FY08 US Fiscal Condition Comptroller’s Report
2. OMB’s FY08 Midyear Report (both sent via email, PDF)

Session Two: Values and the normative components of budgets. The implications of group dynamics and the normative values in a diverse society for budgets and decision systems. Balancing majority rule and individual rights in the allocation of resources; the increasing reliance on quantification for decision-making in response to the debates over normative values.

1. Stiglitz, Chapters 1, 2 and 3.
2. Rabin, et. al., pp. 5-90.

Session Three: Market Failure and collective action; economic principles central to budget analysis

2. Rabin, et. al., 91-153


Distribution of First Budget Exercise

1. Stiglitz, Chapters 8, 9, 10, and 11.

Session Six: Mission, Goals, Objectives, and Targets; Measuring Outputs and Outcomes; A Discussion of the First Steps in Budget Preparation.

First Budget Exercise Due

1. New York City’s Budget Options for FY07
2. City of Cleveland’s 2007 Budget Book
3. Financial Statement of the United States, FY05, FY06, FY07
PDF Attachments
Session Seven: Quantification and Budget Analysis

*Distribution of Second Budget Exercise*

Stiglitz, Chapters 11, 12, 13, and 14.
Rabin, et. al., 196-296.

Session Eight: Financial Reports and Fiscal Health

Fiscal Reports of the US Government, FY05, FY06, FY07
(PDF files distributed by email)
Cleveland’s Financial Reports
(PDF files distributed by email)

*Second Budget Exercise Due*
Midterm Distributed and Due Date Set

Session Nine: Audits, Reporting and Budget Implementation

Rabin, et. al, pp. 438—531, 196-296

Session Ten and Eleven: Revenues: The Income Tax

1. Stiglitz, Chapters 17 through 23.
2. Rabin, et. al., 154-195

Session Twelve: Tax Expenditures and the Property Taxes

1. Howard, all.
2. Stiglitz, Chapters 21, 27
3. Rabin, et. al., Chapter 17

Session Thirteen: Sales Taxes and Fiscal Federalism

1. Stiglitz, pp. 453-457, 756-57; Chapters 25, 26

http://www.cato.org/pub_display.php?pub_id=1648 &full=1
**Session Fourteen:** The Debt

1. Stiglitz, Chapter 28

2. Rabin, et. al. pp. 323-408

**Session Fifteen:** The Courts, Equity, and Intergovernmental Relations


