

WWS 593j—State and Local Finance
Fall Term, 2004—Monday---9 A.M to 12:15
Robertson Hall—Room 029
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Richard F. Keevey
Office Hours: Monday
12:15 to 2:30

Course Expectations and Requirements

Budgeting is the key process whereby the Chief Executive sets his/her goals and objectives to carry out the pledges made during the campaign. But, sometimes the reality of the fiscal and economic situation limit what can be accomplished. How the Governor and or Mayor go about the process of building the budget and establishing fiscal and program policies is the focus of the course. Budgeting is about a process of putting numbers on a page, but more importantly it is a process whereby various competing interests and programs are reconciled through a series of analytic discussions as well as political compromise.

Our course will involve lectures and the use of case studies. Students will be expected to do all the required readings for the class and be interactive with each other and with the professor during the class.

Each student will be required to do a 10-15 page final paper on a budgeting or finance topic. Possible topics could include: collective bargaining and the budget process; the tax structure in your state—is it fair; the effect of E-commerce and the Internet on the governmental tax structure; an in depth examination of the credit rating Process; federal and state mandates—problems and issues; the use of authority debt to finance public projects; various management initiatives to increase productivity. You will be required to write a paragraph describing the proposed topic for prior approval of the professor, which is due at the end of the third class.

Students will also be required to make a presentation on the NJ Tax policy Report on December 6. The format will include the use of a power point presentation.

Students will be expected to: (a) attend all classes, (b) come prepared for all class discussions, (c) partake in the Tax policy presentation and submit an associated Power point Presentation, (d) submit a final paper, and (e) complete a short take home examination. Students will be graded based on how they meet these expectations as follows:

Examination	15%
Tax Policy power point & presentation	30%
Research Paper	30%
Class participation	25%

Texts for Course

“Memos to the Governor-An Introduction to State Budgeting,” Dall Forsythe, 1997
“Public Budgeting Systems,” Robert D. Lee and Ronald W. Johnson, 7th edition.

Other Readings for Course

Case Study--Kennedy School: Budgeting in State Government.
Case Study--Kennedy School: Oregon Governor Takes on Fiscal Reform.
Strategic Study--Reorganizing the Budget Process in the State of New Jersey.
Tax Policy Study--NJ State and Local Expenditure and Revenue Policy Report.
Selected Articles from Journals and Magazines---See Course Packet.

Other Text Books for Reference

“Public Budgeting in America,” Thomas D. Lynch, 1995
“Fiscal Administration: Analysis and Application for the Public Sector,” John Mikesell, 1998.

Course Outline

November 1 Overview---Budget Process---Part 1

The first class will provide an overview of the course. We will discuss possible topics for the Course Paper, and we will discuss the presentation requirements related to the Revenue and Expenditure Policy Report. Finally, we will begin a discussion on the Budget process, including budget planning, development and presentation portions of the budget cycle.
Preparation: Lee Text—Chapters 3, 5, 6.

November 8 Budget Process---Part 11

We will discuss the role and decision-making responsibilities of the various players in the state process. We will discuss budget adoption, execution and post audit.

Preparation: Forsythe Text--pp 1-91.

Lee—Chapters 7, 8, 10

Article—How To Fill a \$ 3 Billion Budget Gap...

Kennedy Case Study---Budgeting In State Government

Other Readings in Course Packet # 2.

**November 15 Budget Process---Part 111. Where the Money Comes From--
Revenue and Taxes**

We will discuss the major revenue sources in a state government as well as the major source of revenue for local government---the property tax. We will discuss tax equity issues and tax estimating problems and issues.

Preparation: Lee—Chapter 4.

Keevey--- Paper on Revenue Estimating

Keevey---Revenue Estimating: NJ Recommendations

Kennedy Case Study---Oregon Governor...

The Way We Tax---A 50 State Report

NJ Income tax—How Progressive?

**November 22 Budget Process—Part IV---Visit to NJ OMB. (Be there by
8:30 A.M. ---33 West State Street, Trenton, NJ**

We will visit the NJ OMB Office in Trenton. Senior staff of OMB will present various aspects of the budget process, including building a budget, developing budget options, solving projected shortcomings. The recent NJ presentation to one of the Credit Rating Agencies in New York will also be analyzed and discussed.

Preparation:

Case Study: Strategic Issues and Alternatives for a new Budget Planning Process. Prepared for the NJ Office of Management and Budget (in Course Packet # 3)

Pages from the NJ State Budget (In Course Packet # 3)

November 29 Capital Budgeting, Debt Management and Bonding

We will discuss the capital planning and budgeting process. We will discuss the major terms and concepts associated with issuing debt at the state and local levels, including types of debt, the role of the Rating Agencies. Pension financing will also be discussed.

Preparation: Lee and Johnson—Chapter 12 and pages 414-419.

Course Packet material # 5

December 6 NJ Expenditure and Revenue Policy Report

We will divide the class into three groups and make a presentation of the issues related to major spending and tax policy issues at the state and local levels of government. (See instructions attached to Policy Report.)

Preparation: NJ State and Local Expenditure and Revenue Report.

Course packet Material # 6

January 17 Exam Week—Course Paper and take Home Exam are due

Final Class Paper and take Home Exam must be received at my home by January 15, 2004—either my post or e-mail (2808 Roesh Way; Vienna, Virginia 22181; RKeevey@napawash.org)