

WWS 593j—State and Local Finance
Fall Term, 2005—Monday---9 A.M to Noon
Robertson Hall—Room
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Office Hours: Monday
12:15-2:00
Robertson

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 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, or a similar state and local tax and revenue tax policy study on December 5. 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	20%
Tax Policy power point & presentation	25%
Research Paper	35%
Class participation	20%

Texts for Course

“Memos to the Governor-An Introduction to State Budgeting,” Dall Forsythe, 2nd Edition, 2004

“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 outline for subjects

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 7 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. Differences between federal budgeting and state and local budgeting will be reviewed.

Preparation: Lee Text—Chapters 3, 5, 6.

November 14 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*

Article--The Government Performance Results Act

Kennedy Case Study---Oregon Governor...

Keevey Case Study-- Solving Budget dilemmas

November 21 Budget Process---Part 111. Budget Process (Continued) and 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.

An Example of Program Analyses: Housing Voucher

Article: The Case for Earmarking

Keevey--- Paper on Revenue Estimating

Keevey—Revenue Estimating: Recommendations

NJ Income tax—How Progressive?

November 28 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

Article: Managing Fiscal slack

Pages from the NJ State Budget

December 5 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 and Investment policy will also be discussed.

Preparation:

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

Article: Impact of Management Practices on Municipal

Article: The Case against State Appropriation Debt

Article: Anatomy of an Upgrade

December 12 NJ Expenditure and Revenue Policy Report; or Similar State and Local Tax Policy study undertaken by another State government.

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

Article: Tax Reform in New Jersey: The Commission Approach

Newspaper articles: Decision Time in Virginia / Governor Pushes Tax Mix.

January 20 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 20 2006—either my post or e-mail (2808 Roesh Way; Vienna, Virginia 22181; RKeevey@napawash.org); or RFKeevey@yahoo.com. Size of paper would probably dictate that the paper be mailed to be Yahoo address with a note to my other e-mail address that you have mailed it.