Prerequisites for and Purpose of the Course:

PUAD 663 is an intermediate level graduate course. The course is designed with the assumption that MPA students have completed PUAD 502, 520, and 540 in the MPA program, the equivalent classes in PUBP for MPP students, or similar classes in other degree programs. If you have not completed classes comparable to the core MPA classes, please secure my permission before you proceed with this class. Graduate students in other GMU graduate or Consortium program may also take this class, but completion of courses comparable to those listed above is strongly recommended.

The primary purpose of this course is to give graduate students an introduction to budgets and budgeting in state and local governments. Specifically, we will examine the structure of state and local government budgets and the processes by which these budgets are developed, signed into law, and used in support of policy implementation.

A second purpose of this course is to give graduate students an opportunity to learn about the relationship between politics, policy, and administration in state and local government by “following the money.” For example, it is possible to get a good picture of what state and local governments do and what the elected officials, interest groups, and citizens of a state or local government define as their priorities by examining the structure of revenues and expenditures in state and local government budgets.

A third purpose is to provide an opportunity to examine U.S. federalism (the relationship between the national government and state governments) by examining the flows of money from Washington, D.C. to the state capitols. On average, 25 percent of a state’s revenue comes from the national government. Additionally, a good understanding of the relationship between a state and its local governments can be developed by examining the flows of money from states to local governments. Some states are very generous in their support of K-12 education, municipalities, and counties; others are not.
A fourth purpose of this course is to give you an opportunity to enhance your writing skills, verbal skills, analytic skills, and presentation skills. These skills have been consistently identified by employers of our graduates and by MPA faculty as key skills needed by professionals in the work place. Finally, this class is designed to give you an opportunity to begin building a network of professional contacts. You will have an opportunity to make connections with managers and staff members in local governments who have budgeting roles and responsibilities. You will also meet MPA students in this class who have an interest in state and local government budgeting.

**Course Organization and Pedagogy**

This course is divided into five general topical areas: 1) introduction and overview, 2) revenue for state and local budgeting, 3) budgetary processes: institutions, people and decision-making, 4) boom and bust cycles in state budgeting, and 5) state-local finance and local government budgeting. The thematic focus of the course is centered on the relationship among politics, policy, programs, budgets, and administration (the implementation of public law).

We will begin our study of state budgeting by focusing on a single state. Then, we will add a comparative dimension to our study by looking at multiple states. We will take a similar approach to our study of local government budgeting.

This class will be conducted in a “seminar” style. You should come to class each week ready to discuss the required readings listed in the syllabus. I will use a variety of techniques to ensure that opportunities for class participation are distributed among all class members.

A special feature of this class is the partnership we have with current and former local government officials in Prince William County and Fairfax County. Many of these officials are GMU MPA alumni.

**Class Participation, Attendance and Ethic:** Your participation in the discussion of required readings is an important component of your class discussion grade. If you are not in class you cannot contribute, and if you are not prepared for class, you cannot contribute effectively. Being on time to class, listening carefully to what your classmates have to say, and responding to your classmates in a courteous and professional manner are also part of the class discussion grade. Finally, I respectfully ask you put away and avoid using electronic devices during class, unless you are doing so exclusively for class purposes such as accessing an electronic version of a required text. We will have two short breaks during each class session so you can check and respond to texts, emails, phone calls, etc.
Course Learning Outcomes
At the end of this course, you should be able to: 1) employ the key terms, concepts, models and theories used in the field of public budgeting, 2) read and analyze state and local government budgets, 3) discuss the effects the boom and bust cycle have on state and local government budgeting and budgets, 4) describe and analyze the intergovernmental dimensions of state and local budgeting, and 5) describe and explain the ways in which budgetary policy (tax and expenditure policy) distributes benefits and burdens in state and local governments. In addition to these knowledge outcomes, your writing, verbal, and presentation skills should be stronger at the end of the course than they were at the beginning.

Writing Resources and Writing Skills: The GMU Writing Center is a good resource for graduate students who want to improve their writing skills. The writing center is located in A114 Robinson Hall. Two other good resource to help you improve your writing skills are Elements of Style, by Strunk and White, and the Booth, Colomb, and Williams 7th ed., A Manual for Writers of Research Papers, Theses, and Dissertations.

Course Requirements and Grades: Your responsibilities for this class include reading required texts for each class and being prepared to discuss those readings in class. In addition, you will write a memo and two papers. Assignment instructions and formatting requirements for the papers are provided in a separate memo.

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<tr>
<th>Memo 1</th>
<th>Paper 1: State Government Budgeting</th>
<th>Paper 2: Local Government Budgeting</th>
<th>Class Discussion</th>
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<tr>
<td>Due Class 3</td>
<td>Due Class 9</td>
<td>Due May 9</td>
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The grading scale for the course will be:

A+ = 100-98  B+ =  89-88  C+ =  79-78  F = < 70
A =  97-92  B =  87-82  C =  77-72
A- =  91-90  B- =  81-80  C- =  71-70

Late Papers: All written assignments must be submitted electronically by the beginning of the class period on which they are due. A one-grade penalty will be applied for a paper that is one to three days late; a two-grade penalty will be applied for three to seven days. Any paper that is not submitted in the required format will be considered a late paper and returned to the author for revision.
**Incompletes** for the course are discouraged, but extraordinary circumstances can be accommodated. Requests for an incomplete must be submitted in writing at the earliest possible date.

**Required Reading Materials available for purchase at the University Book Store:**
2. Dall W. Forsythe, *Memos to the Governor: An Introduction to State Budgeting*

**Recommended Reading:** William Strunk and E. B. White, *The Elements of Style, 3rd ed.*

**Note:** I am using my Wisconsin book and a number of my published articles as required readings in this course. I do not receive any royalties for using these publications.

**Other Key Information**

**Honor Code:** George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honest and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee. See [honorcode.gmu](http://honorcode.gmu) for more detailed information. The core presumption of the code is that all written work is your own work. Proper citation of material taken from other published work is required.

**Disability:** If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Resources at 703993-2474. All academic accommodations must be arranged through that office.

**Enrollment Status:** All students are responsible for verifying their enrollment in this class. Schedule adjustments should be made by the deadlines published in the *Schedule of Classes*. 
We will try to follow the calendar outlined below as closely as possible, but, like any administrative plan, adjustments may be required by unanticipated circumstances, such as class cancellation due to inclement weather, special opportunities, etc.

**I. INTRODUCTION AND OVERVIEW**

**1. Budgets, Budgeting, and the Implementation of Public Law**  
(Jan. 22)

Key Questions: Why is it important for MPA and MPP students to have a basic understanding of state and local government budgets and budgeting? What are the primary factors that affect budgets and budget decision-making in any given year?

**Required Reading:**
James K. Conant, “Budget-making in the States,” in Conant, Haveman, and Huddleston, ed., *Dollars and Sense: Policy Choices and the Wisconsin Budget*  

**Recommended Reading:**
Forsythe and Boyd, *Memos to the Governor*, “Appendix: Budget Vocabulary”  

**2. Revenues, Expenditures, Budget Structure, and Intergovernmental Transfers**  
(Jan. 29)

Key Questions: How important is the political context in which state and local budgeting takes place? What are the principal sources of revenue in state budgets? What are the principal uses (expenditures) of the revenue?

**Required Reading:**
Conant, Chapter 1, “The Character of the State”
Conant, Wisconsin Politics and Government, Chapter 8, “The State Budget and the Budgetary Process”

Recommended Reading:
Conant, Chapter 2, “The Constitution”
Lee, Johnson, Joyce, Public Budgeting Systems, pp. 38-43

II. REVENUE FOR STATE and LOCAL BUDGETING

3. Taxes and Fees
   (Feb. 5)

Key Questions: What tax or taxes constitute the main source(s) of revenue for the U.S. national government? Is the U.S. tax system progressive or regressive, and what difference does it make?

**Memo 1 is Due**

Required Reading:
Lee, Johnson, Joyce, Public Budgeting Systems,
   Chapter 4, “Budgeting for Revenues: Income Taxes, Payroll Taxes and Property Taxes,”
   Chapter 5, “Budgeting for Revenues: Transaction Based Revenue Sources”
Office of Management & Budget, “Policy Outlays by Category 2011” & “Policy Revenues by Source” (Blackboard)
Internal Revenue Service, “2013 Tax Rates” (Reader I)

Recommended Reading:
III. BUDGETARY PROCESS: INSTITUTIONS, PEOPLE AND DECISION-MAKING

4. Gubernatorial Powers, Roles, Responsibilities, and Executive Budget Preparation (Feb. 12)

Key Question: To what extent do the formal powers assigned to a governor in a state’s constitution or statutory laws shape or limit the role that a governor can play (and is likely to play) in the budgetary process?

Required Reading:
Conant, Chapter 4, “The Governor”
Forsythe and Boyd, Memos to the Governor, “Introduction” and Memos 1 – 4
Richard D. Brown, Review of General Fund Revenues and the Virginia Economy for Fiscal Year 2009: The Interim Economic Outlook and Revenue Forecast for Fiscal Years 2010 through 2012 (Reader I)

Recommended:
Lee, Johnson, Joyce, Public Budgeting Systems, Chapter 4, “Budget Cycles”
Lee, Johnson, Joyce, Chapter 7, “Budget Preparation: The Expenditure Side”

5. Executive Budget Presentation, the Legislature, and Legislative Review (Feb. 19)

Key Question: To what extent do the formal powers assigned to legislatures in state constitutions or in statutory laws shape or limit the role that the legislature can play in the budgetary process?

Required Reading:
Forsthye and Boyd, Memos to the Governor, Memos 5 & 6
Conant, Chapter 3, “The Legislature”
Conant, Chapter 6, “Private Interests and Interest Groups”

Recommended Reading:

6. Legislative Budget Approval, Exec. Signature/Veto, and Implementation
(Feb. 26)

Key Question: What happens after a budget bill is (or appropriations and tax bills are) passed by the state legislature?

Required Reading:
Dall Forsthye, Memos to the Governor, p. 92-94 and Memo 8

Recommended Reading:

Spring Break: Mar. 5 – 11

**The post-spring break schedule will depend on the date set for the Evening at Fairfax County. I will provide an update for our class schedule as soon as this date is established.

7. Budget Accounting, Reporting, and Auditing
(Mar. 12)

Key Question: Why is it important to have good accounting data?

Required Reading:
Lee, Johnson, Joyce, Chapter 12, “Financial Management, Accounting, Reporting, and Auditing”
IV. BOOM AND BUST CYCLES IN STATE BUDGETING: CAUSES, EFFECTS, RESPONSES, AND CONSEQUENCES

8. State Budgeting During Boom and Bust Cycles: The 2001 Recession (Mar. 19)

Key Questions: What is the boom and bust cycle in state budgeting? What is the cause, or what are the causes, of the boom and bust cycle? What are the consequences of this cycle? Does that cycle affect all states in the same way? How do states respond to the boom and bust cycle?

Required Reading:

Recommended Reading:
Donald Nichols, “The Effects of Economic Recession on the Budget,” Conant, Haveman, and Huddleston, ed.

9. State Budgeting During Boom and Bust Cycles: The “Great Recession” (Mar. 26)

What was the size of the projected budget deficits or budget shortfalls in the state(s) during the Great Recession? What were the causes of the shortfalls or budget deficits? How did states respond? Who were the principal “winners” and who were the principal “losers” in the way the states responded?

**Paper 1 is due**

Required Reading:

**One of the following articles:
Thomas P. Lauth, “Budget Deficits in the States: Georgia”
Beverly Bunch, “Budget Deficits in the States: Illinois”
Doug Snow and Bruce Wallin, “Budget Deficits in the States: Massachusetts”

**All six of the articles listed above can be accessed online through the GMU library system’s electronic journals link. These articles are part of the:
State Budget Symposium, Public Budgeting and Finance, Volume 30, Number 1 Spring 2010

V. STATE-LOCAL FINANCE AND LOCAL GOVERNMENT BUDGETING

10. State-Local Relations and State-Local Finance: Revenue Systems and State Aid for K-12 Schools, Municipalities, Counties, and Social Welfare Programs
    (April 2)

Key Question: Can a state be a “strong” state if its local governments are weak (unable to effectively perform basic functions)? Can local governments be strong if the state in which they are located provides little support for local governments?

Required Reading:
Conant, Chapt. 10, “Local Government”
Conant, Chapt. 11, “State Local Relations”

Recommended Reading:
Lee, Johnson, Joyce, Chapt. 14, “Intergovernmental Relations”
Russell L. Hanson, “Intergovernmental Relations,” Politics in the American States

11. Local Government and Local Government Budgeting in Prince William County: Revenues & Expenditures; Boom & Bust Cycles
    (April 9)
Key Questions: What are the principal sources and uses of revenue in local government? What is the process by which budgetary decisions are made? How did the bursting of the housing bubble and the Great Recession affect Prince William County’s revenues?

Required Reading:
Prince William County, FY 2015 Budget, especially “Expenditure Summary” and “Revenue Summary” (on-line)

Recommended:

12. Local Government and Local Government Budgeting: Fairfax County

**(April 16-tentative topic and date; this topic may be modified and the material covered will be based in part on a visit to Fairfax County. The date for the event has not been finalized.)

Key Questions: What are the principal sources and uses of revenue in Fairfax County government? What is the process by which budgetary decisions are made? How did the bursting of the housing bubble and the Great Recession affect Fairfax County’s revenues and expenditures?

Required Reading:
Fairfax County FY 2015 Budget, especially “Revenue Summary” and “Expenditure Summary” Fairfax County web site (on-line)

13. Capital Assets: Planning and Budgeting, Analysis and Management

Capital Finance and Debt Management

(April 23)

Key Question: Why is it important for local government to have the capacity to plan, budget for, and manage capital programs?

Required Reading:
Lee, Johnson, Joyce, Chapt. 12, “Capital Assets: Planning and Budgeting, Analysis, and Management”
Lee, Johnson, Joyce, Chapter 13, “Capital Finance and Debt Management”

**Recommended:**
Articles on the condition of U.S. roads and bridges, and water and sewer infrastructure.

**14. The Future of Local Government Budgeting**
(April 30)

Key Question: Given the substantial cuts in national government expenditures that have already been made and the even larger reductions expected over the next several years, what are some of the future scenarios for local government budgets and budgeting?

**Questions for the Local Government Paper will be distributed at the end of class.**

**May 7, Monday: Paper #2 is due at 4:30 PM.** Please send a copy of your paper to me electronically with the following title: your last name.paper 2 (example: Smith.paper 2)