

The University of South Carolina
Department of Political Science
Poli 775
Spring 2010

Professor Tyer
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Wednesday, 4:00 – 6:00 PM
Gambrell 204
<http://people.cas.sc.edu/tyer/>

Texts:

Lee, Ronald D., Jr. , Ronald W. Johnson and Philip G. Joyce (2008). *Public Budgeting Systems*, 8th ed. Subbury, MA: Jones and Bartlett Publishers.
Brunori, David (2005). *State Tax Policy: A Political Perspective*. 2nd edition. Washington, DC: Urban Institute Press. (paper)
Tyer, Charlie B. (2002). *South Carolina Government: An Introduction*. Columbia, SC: Institute for Public Service & Policy Research, University of South Carolina.

Additional reading material may be handed out in class. All students are expected to read such material. Readings provided in class may be included in test questions and classroom discussion.

Course Requirements

This is an overview course of public sector financial administration. Time does not permit, therefore, coverage of topics in great detail. Rather, the student is expected to learn the components of public sector financial management, become familiar with the vocabulary used, and learn to engage in some basic reading and analysis of governmental budgets and financial reports.

The primary textbook for this course will be the Lee and Johnson text. A secondary paper volume by David Brunori is also assigned for reading. You should begin immediately reading Brunori and complete it as soon as possible. You will be expected to prepare a short paper on state tax policy using this book as the primary source, and any others you can find, to identify the primary sources of state revenue and the main issues they confront. This assignment must be handed in by **February 10th** and will comprise one-fourth of your grade. Turn your papers into the Department so they can date/time stamped and put into my mailbox. Email me a copy also. The Tyer text is to be used for governmental background on SC state and local government, as well as two chapters that deal specifically with budget and finance in SC. You may share this text, or buy new from us in the Department, or used [there should be used copies available]. The new price is \$50 with checks made out to the University of South Carolina. This is 25% of your grade.

Your second assignment is a brief research paper on current issues in American Public Finance. You can focus on state/local government, the national government, or nonprofits, depending upon your interests. I suggest you extensively use *Governing Magazine* for ideas on this assignment. You can check out previous articles in their archives on their website: <http://www.governing.com/magazine/current-issue> and then check out <http://www.governing.com/magazine/earlier-issues> . Obviously you can use other sources as well, or in addition to this one. You should have at least 15+ sources in your bibliography for this paper. This will also count as 25% of your grade.

A **take-home final exam** will also be administered at the end of the semester that will comprise one-half of your grade. In addition, class participation will be evaluated and may have a positive impact upon your final grade. The date for providing the take-home final and its due date will be discussed in class and set after consultation with you.

General Policies: (1) Student conferences may be held if you request one. These are by appointment. See me before or after class, call or e-mail me to arrange a conference. (2) Assignments for extra credit are rare in this course, and if used result from extraordinary circumstances. Any student who feels he or she needs to discuss such a situation must contact me within two weeks of the beginning of this course. (3) Assignments must be handed in when due to avoid a penalty. Extensions will be given only for legitimate reasons that must be discussed with me. Any student who experiences difficulty with any assignment or requirement should contact me without delay. Late assignments carry a penalty of 5 points for each school day they are late! Assignments not handed in to me in class must be emailed to me and turned into the Poli department staff, date stamped and placed in my mail box. (4) Class attendance is required. Any student who has 3 or more absences, excused or unexcused, may be subject to a grade penalty. Finally, and importantly, you will be evaluated based on your writing ability. All writing assignments are to be written in an acceptable style that uses good grammar and punctuation, and is neat and well organized. Poor style and syntax will result in a penalty in grading. If you have a problem with your writing, you are encouraged to seek help as soon as possible.

Guidelines and Sources of Additional Information/Assistance: I maintain an internet site for my classes which has some material which may be of help to you. It's URL is: <http://people.cas.sc.edu/tyer/>. In particular, an article by Tyler/Willand on budgeting in America is available through my site that gives an overview of American budgetary practice. I highly recommend you read this as soon as possible.

Class Schedule and Assignments

January 13: Introduction to Financial Administration and Course Assignments

Lee and Johnson, chapters 1-2.

January 20, 27 Feb. 3: Key Concepts, Emphases, Budgetary History and Intergovernmental Context

Lee and Johnson, chapters 3 and 14; Tyler, chapters 5 and 12.

Feb. 10, 17, 24 Mar. 3: Revenues

Lee and Johnson, chapter 4

March 10: Expenditures

Lee and Johnson, chapter 5

March 17: Decision Processes and Analysis

Lee and Johnson, chapters 6-7

March 24, 31: The Legislature and the Budget and Budgetary Balance

Lee and Johnson, chapters 8-9

April 7: Budget Execution and Adaptation

Lee and Johnson, chapter 10

April 14: Accounting and Auditing, Capital Budgeting and Debt

Lee and Johnson, chapter 11 and Practicum on Reading a Local Government CAFR

Note: USC's Exam Date for this class is Wednesday, May 5th, 2:00 PM (We will discuss whether we will meet that day or not.)

Course Outline

- I. Introduction
 - A. Budgeting vs. Financial Administration
 - B. Professional Organizations
 - C. Periodicals and Journals and Books
 - D. Internet Sites

- II. Key Concepts, Emphases and History
 - A. Budget Cycles
 - B. Governmental Funds
 - C. Control, Management and Planning Emphases
 - D. Historical Development (see Tyler and Willand article on the web)
 - E. Economic Concepts: Distribution vs. Redistribution of Resources

- III. Budget Preparation
 - A. Revenues
 - 1. Types
 - 2. Evaluation Criteria
 - 3. Issues
 - B. Expenditures
 - 1. Resource vs. Program Information
 - 2. Systems
 - 3. Annual vs. Multi-year Budgets
 - 4. "Reinvention" of Government Emphases
 - C. Decision Processes
 - 1. Executive Budgets - Variations: Federal, State and Local Governments
 - 2. Legislative Budgeting - Variations
 - 3. Rural and Small Governments, Large Cities and Counties
 - 4. Issues in the Preparation Process: Estimation, Reserves and Constraints
 - 5. Budget documents and messages

- IV. Analysis: The Focus on Results in Budgeting
 - A. Uses
 - B. Methods
 - C. Problems
 - D. Quantification issues
 - E. Implementation problems
 - F. Organizational locus and use

- V. Budget Approval: States and Local Governments
 - A. Constraints on the Role of the Legislature
 - B. Legislative Roles
 - C. Legislative Oversight

- VI. Budget Approval: The U. S. Congress
 - A. Prior to 1974 and Budget Reform Act

- B. 1974 Budget Reform and Impoundment Control Act
- C. Reagan Years/Clinton Administration/the 1994 election
- D. Suggested Reforms: line-item veto, balanced budget requirement, congressional reorganization, biennial budgeting, capital budget [Note that Lee omits mention of US S. Ct. case striking the line-item veto]

VII. Budget Execution

- A. Budget Office - Agency Relations
 - 1. Control techniques
 - 2. Mid-year changes
 - 3. End of year spending
- B. Privatization and Contracting for Services
- C. Other Roles for the Budget Office: management controls, legislative clearance, government regulation reduction, paperwork reduction [OMB particularly]
- D. Tax Administration and Collection
 - 1. Agencies
 - 2. Debt collection issues
 - 3. Taxpayer rights
- E. Cash Management
 - 1. Principles
 - 2. Cash budgeting
 - 3. Investment options
 - 4. Cash management
- F. Purchasing
 - 1. Centralization vs. decentralization issues
 - 2. Competitive bidding
 - 3. RFPs
 - 4. JIT
 - 5. Criteria for awards
 - 6. Evaluating the contracting option
- G. Risk Management
 - 1. Planning and evaluation
 - 2. Liability issues and exposures

VIII. Accounting, Auditing and Information Systems

- A. Governmental Accounting
 - 1. Purposes of accounting
 - 2. Organizations
 - 3. Fund accounting
- B. Key Terms
- C. Basis of Accounting
- D. Reporting
- E. Auditing
- F. Information Systems

IX. Capital Budgets and Debt Management

- A. Types of Capital Investments
- B. Capital vs. Operating Expenditures
- C. Federal Capital Budgeting
- D. Financing Options for Capital Expenditures
- E. Bond Issuance Process
- F. Disclosure and regulation

- G. Debt Capacity and Management

- X. Pensions and Personnel Systems
 - A. Linkages between financial and personnel management
 - B. Responses to budget shortfalls
 - C. Pension Plans

- XI. Intergovernmental Relations
 - A. The American intergovernmental system
 - 1. Unitary, Federal and Confederate systems
 - 2. U. S. Federal System: types of government and legal status
 - 3. Key Constitutional provisions
 - 4. Coordination problems - geographically and functionally
 - 5. Notions of federalism
 - B. Fiscal Relations
 - C. Intergovernmental Transfers
 - D. Federal-State Relations

- XII. Government and the Economy
 - A. U. S. and the Global Economy: How other nations affect the U. S.
 - B. Economic Policy: 1946 Employment Act and macroeconomic policy objectives
 - C. Anticipating or Forecasting Economic Conditions
 - D. Fiscal and Monetary Policy Tools
 - E. Redistributive Effects of Economic Policy