Course Objectives
Budgeting touches every aspect of the public sector, demanding that anyone concerned with
customizing or implementation understand how the process works. Budgeting shapes the macro
economy; it reflects the political power of a variety of actors who engage in different strategies; it
determines what programs get funded at what levels. In some states (e.g., Wisconsin), state budget
cards do not simply allocate dollars, but frequently include major policy initiatives. Wisconsin’s
school voucher program, for example, was initially approved and expanded as part of budget bills.

This course provides a general understanding of budget preparation, adoption and execution;
proposed reforms of the budget process; and competing theories of the politics of budgeting. Because
other classes at La Follette address taxation (especially PA 891 State and Local Government
Finance), this class focuses more attention on the expenditure aspect of budgeting, although we will
devote a little time to the role of estimating revenues.

By the end of this class, students should understand the roles of the major players in the budget
process, the factors that influence budget decisions, the technical steps in preparing public budgets,
and the steps in getting the budget across the finish line.

To many students, the subject of budgeting appears both daunting and boring. As one former OMB
analyst who left budgeting in the 1970’s for catering recently put it “I worked in Washington for four
years and nothing happened. They’re still working on the same issues.” However, there can be
considerable drama, significance and deception around budget issues, especially at the state and local
level where gridlock is rare or short-lived and budgets often involve more than numbers. Luckily,
you will have the opportunity to get up close and personal with the Wisconsin state budget process,
since most of it will run concurrent with this class and be carried on Wisconsin Eye (TV and
website). You also have a big role to play by completing the readings and your willingness to engage
in informed and energetic class discussions.

To demonstrate the links between budgeting in the abstract and the real world, the course is
structured around case studies, simulations and practical exercises. These case studies require you to
submit an analysis of one practical aspect of the budgeting process. The case studies and simulations
will form the basis for class discussions, placing what we learn in a concrete context. The other goal
of these practical examples is to facilitate your ability to effectively understand, analyze and
concisely communicate information, a crucial skill in any professional setting.
Readings
The text for the course is as follows. It should be available at Underground Textbooks.

Other readings listed on the syllabus, including case material, will be provided at Learn@UW. Occasionally I will use online readings that will not be in the reader if they are excessively long, or if you only need to skim them. These readings are identified in the syllabus.

Course Requirements
Students will need to fulfill the following requirements:
1. Complete all reading assignments. Class sessions will not summarize the reading but rather will apply the readings to a real-world context, with particular attention to the Wisconsin state budget, integrate the materials and explore the implications of the readings.

2. Participate in class discussion. This means actively engaging in discussions of the reading and the cases. Even classes primarily focusing on particular skills involved in budgeting may raise questions regarding why things are done in a particular way. However, the majority of the course focuses on issues that are amenable to good discussion. In particular, any class with a case study assigned will focus on student debate of the case. To participate, you will need to be in class, so please let me know in advance if you cannot attend. Frequent absences or late appearances will negatively affect your participation.

3. Make three team/joint presentations throughout the course of the semester, for the budget role-playing simulation, the Glenville County Road Department case study and the final budget issue paper project. The assignment of these presentations will be made in class. Related PowerPoints will be due the day before your presentation.

4. Complete written assignments on time. Unless otherwise modified, written assignments must be submitted by the beginning of class on due date as noted in the syllabus. Email me all written work. Late submission of will be penalized a letter grade for every day late.

Grading
The grading is as follows:

1. Theater Budget or Seven Letters Case (pick one of the two) 5%
2. Budget role-playing simulation (4-member teams) 15%
3. Reading a budget 5%
4. Technical budget preparation (solo) 10%
5. Two memo analysis (solo) 15%
6. Glenville cost analysis (joint analysis) 15%
7. Budget issue paper/panel briefing (joint analysis) 35%

The budget role-playing simulation, Glenville case and final budget issue paper are joint analyses cases, meaning that you will be assigned a partner(s). Previous students have found that having a partner significantly reduces the technical burden of these cases. Class participation, attendance and
conduct will be used to resolve borderline grades unless such factors warrant more (positive or negative) weight (e.g., low attendance).

A= 90%+
AB= 85-89
B= 80-84
BC=75-79
Anything lower than a 75 is a C and significantly lower is a D or F.

**How is Written Work Graded?**

The goal of the case studies/simulation is to improve your ability to think about a complex budgeting scenario, and write a short and concise analysis of this situation. The memos should include a brief summary of the scenario (a short paragraph or two), and display a critical, objective (pros and cons) and straight forward analysis of the main issues of the case and offer alternative recommendations. Remember, budget documents are generally prepared for policymakers whose understanding of the issue varies, whose patience is limited and who do not want to experience the depth of your knowledge in detail.

The cases will usually take the form of a written memo, but will occasionally require you to do some calculations. Instructions for each memo, including page limit, is at the end of the syllabus. You may use 1.15 spacing, 11 or 12 font size, Ariel font, and 1-inch margins.

How do I score the case studies? My way of scoring these is that everyone starts with a maximum score, and I mark down where I observe a serious problem. The overall criterion is whether you make a strong and clear argument. A strong argument requires:

1. Using available evidence (e.g., numbers, studies, other localities’ experiences) where possible,
2. Persuasively drawing logical conclusions,
3. Describing the political context if applicable,
4. Presenting pros and cons and addressing counter-claims (i.e., “Others may argue…”)
5. Where appropriate, noting weaknesses in your argument. Budget and policy data are not always perfect. Making sure your bosses are aware of the flaws is important.
6. Laying out alternatives, and
7. Making a recommendation where appropriate

I will evaluate your analyses based on:

1. Does it cover the major points? Was any significant issue overlooked? In practice, this means that you should deal with the central issue of the case, and when making a recommendation, demonstrate awareness of arguments against your point of view.

2. Is there a significant flaw in the logic of your argument? If I think the flaw is so bad as to lead you to offer bad advice, the point deduction will be increased.

3. Are your conclusions reasonable and presented persuasively and clearly.
Any of the above failings will usually result in a 1 point loss on a 5 point memo. Style, and basic errors will be considered in borderline cases. If you did not fundamentally understand or answer the assignment question, failing is an option.

For the case studies that require quantitative analysis, the same basic logic applies. Everyone starts with a maximum score. Errors lead to a deduction. Not all errors are created equal, so an error that does not have a dramatic impact on the soundness of your final analysis and conclusion will be penalized less than an error that skews your entire analysis. A simple typo could do this, so attention to detail is especially important for the quantitative exercises.

For the final paper (topic TBD) I will pay attention to the accuracy of your calculations. I will also expect an insightful description of the budgeting process in the organizations, and how policy issues, the political context and other external factors affect this process. In doing so, I expect you to employ concepts from the class readings and discussions.

Case instructions are at the conclusion of the syllabus. Longer cases (for the Theater budget case and Seven Letters case) are included in the reader or will be available at the class website.

**Academic Integrity**

Failure to cite, or otherwise present written material prepared by others (or by you for a different class) as your work for this class, will be considered plagiarism and treated accordingly. As commonly defined, plagiarism consists of passing off as one’s own ideas, the words, writings, music, graphs/charts, etc. that were created by another. In accordance with this definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you have the permission of that person. It does not matter from where the material is borrowed—a book, article, material off the web, another student’s paper—all constitute plagiarism unless the source of the work is fully identified and credited. Plagiarism, including plagiarizing your own work, is cheating and a violation of academic and personal integrity and will not be tolerated. It carries extremely serious consequences.

To avoid plagiarism it is necessary when using a phrase, a distinctive idea, concept or sentence from another source to reference that source in your text, a footnote, or endnote. In drawing on materials to use you should look for support from the readings assigned for that topic, and other readings in the course. If you wish to look on the web for additional resources and arguments, by all means do so, but always cite any external source for quotation, fact, idea, etc.

All graded work is open-book. For the case memos, the PART analysis and the Trend Analysis there should be no consultation between students. For the Daycare Budget and Glenville cost analysis teams may talk to each other (indeed they are encouraged to do so) on technical and formatting issues of Excel, the format in which the budgets will be created, but not on the content of the budget or associated memo. For specific questions about interpretation or understanding please avail of the office hours to talk with me.
Useful Web Sites:
In addition to items in the syllabus, here are some potentially useful websites.

National
Association for Budgeting and Financial Management: www.abfm.org/
National Association of State Budget Officers: www.nasbo.org
American Association for Budget and Program Analysis: www.aabpa.org
Citizen’s Budget Commission: www.cbcny.org/
Government Finance Officers Association: www.gfoa.org/
Center for Budget and Policy Priorities: www.cbpp.org/
The Concord Coalition: www.concordcoalition.org/
The Congressional Budget Office: //www.cbo.gov/

Wisconsin
Legislative Fiscal Bureau: http://legis.wisconsin.gov/lfb/Pages/default.aspx
Wisconsin Eye: www.wiseye.org/
The Wisconsin Policy Research Institute: wpri.org/WPRI.htm
Wisconsin Budget Project: www.wisconsinbudgetproject.org/

American with Disabilities Act
The Americans with Disability Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring accommodation, please advise the instructor.
1/21 Introduction: Class Overview and General Public Budgeting Principles
Reading Assignment (to be completed by 1/28):
• Lee, Johnson and Joyce, chapters 1-3

In-class exercise: Budget balancing

**Reduce the federal debt to 60% of GDP:** Today, you’re in charge of the nation’s finances. Your goal is to stabilize the federal debt to the internationally accepted standard of 60% of GDP by 2024. When you reach 60%, you will not only be done with this challenge, but most likely your political career as well. Start exploring new career options.
http://crfb.org/stabilizethedebt/

More in class: Student priorities, how we might make use of the actual 2015-17 biennial budget process, assignment of partners for case study, budget role-playing & final project.

Please bring a laptop, and prepare to link online

1/28 Overview of where governments get money and what they spend it on: A festival of pie charts (but sadly no real pie)/Reading a Budget from 30,000 feet
Reading Assignment:
• Lee, etc., Chapters 1-3
• Mikesell, A Budget’s Traditional Look, p.40-44

In class: Discuss role playing simulation exercise

Assignment #1: Theater budget or 7 letters case study write-up (450-900 words)
Assignment #2: Budget deficit role-playing exercise (750-1000 words, due 2/18)
2/4 Focus on the Wisconsin Budget Process: Steps in the Budget Process Part 1— Setting the Stage, Legal Basis, Estimating Revenues, Issuing Budget Instructions, Preparing the agency request

Reading assignment:
- Lee, Johnson and Joyce, chapter 7
- PEW Center on the States, States’ Revenue Estimating
- Center on Budget and Policy Priorities, State Structural Budget Problems and How to Fix Them
- November 20 Report, Wisconsin (thru Table 6)
- Mikesell, Budget Methods and Practices, 130-139

In class: Fund condition statements—Hitting a moving target

Assignment #1 Due

2/11 Focus on the Wisconsin Budget Process: Steps Part 2—Getting it through the digestive system

Reading assignment:
- Lee, Johnson and Joyce, chapters 8 and 9
- 2013-15 Biennial Budget: Department of Public Instruction, Decision Item #6000 as it relates to the per pupil revenue limit increase
- WASB School Funding & Revenue Limit Freeze
- LFB Issue Paper #505

In class: Watch (WisconsinEye) and discuss JFC action on LFB paper #505
- JCF on the web:
  Pt. 3 minutes 1-10 and 30:50 to 35:00
  Pt. 4 minutes 0-25:05 and 2:20:00 forward.
2/18 Budget Role Playing presentations; the Politics of Budgeting

Reading Assignment:
- Stanford University. Comparative Budget Policy: Lessons for Reform in the United States
- Rubin, I. —The Politics of Public Budgets (pp. 19-26) from The Politics of Public Budgeting, 3rd ed.
- WPT, The Urban-Suburban Split in Wisconsin
- Walsh, A Geography of Power

In class, 1st hour: Budget Role Playing presentations (5 minutes each team)

Guest speaker: State Sen. Jennifer Shilling (D-LaCrosse)

Assignment #2 due (Role-Playing) write-up

2/25 Reading a Budget from 10,000 feet: Vocabulary, acronyms and overview of technical steps

Reading Assignment:
- State Budget Process Informational Paper, Legislative Fiscal Bureau

In class: Run through the 2015-17 budget request of the from the District Attorneys; high school graduation test paper flow
3/4 Preparing a Budget: Turning Talk into “Action?” (bring stimulants 😐)
Reading Assignment:
• Major Budget Policies 2015-17, Department of Administration
• Technical Instructions 2015-17 (just read to get a feel for the math; you’ll get to sweat the details doing the assignment)
• Legislative Reference Bureau, The Legislative Process in Wisconsin, pp 13-26, p.33, pp. 47-56

In class: Example of file maintenance/amendment drafting for a simple request; discuss the statutory requirements of the budget. Budget paperwork flow-high school graduation test example.

Assignment #4: Preparing the technical budget (i.e., allocating the $’s) for an agency program

3/11 Analyzing Budget and Policy Requests Part 1—Thinking analytically; using ignorance (yours) to your advantage
Reading assignment:
• Personal observations on approaching budget/policy analysis (work in progress)
• Patton & Sawicki, Basic Methods of Policy Analysis
• Nathan, Professional Practices article

Guest speakers: Young budgeteer panel (invited):

Assignment #3 Due

Reading Assignment:
• Booz, Allen & Hamilton, Making Smart Cuts
• Rose, Costing Government Services
• UW System Fact Book 2013-14

In class: Examples of different styles/goals of analysis; advocating vs. informing; developing options
Guest speaker: Jordan Ellenberg (date still in flux), UW-Madison Math Dept. & author of How Not to Be Wrong

Assignment #5: For and Against analyses. Using data from the UW System Fact Book, prepare a brief analysis making the case for increased state support for UW System. In addition, prepare a brief memo opposing increased funding.

Assignment #4 Due
3/25 Performance Budgeting
Reading Assignment:
  - Lee, Johnson and Joyce, chapters 5 (117-148) & 6 (revenue estimating, 149-175)
  - Moynihan, Donald P. —Performance Management under George W. Bush.‡ From The Dynamics of Performance Management, Georgetown University Press.

Guest speaker: Donald P. Moynihan

Assignment #6: Glenville Cost Analysis (joint)

Assignment #5 due

Also due: E-mail me your choice of the topic your joint budget issue paper

4/1 Spring Break

4/8 Other Public Budgets Part 1: The Federal Budget
Reading Assignment:
  - Brookings Institute, In Good Times and Bad
  - Stockman, David. —New Lessons: The Politics of Taking.† From The Triumph of Politics. This is a hands-on account of the budget process by one of the most influential and powerful chiefs of the OMB. It is entertaining and informative.
  - Bloomberg, Federal Budget Process 101 Webinar 2/25/14
    https://platform.cinchcast.com/permalink/#/player/AKtKEaiETJH0rCanwjfgkA~~/ff24ca04-243c-47e3-88a8-c06d9a9412ab

Guest Speaker: Ben Miller, Director Federal Relations (former Congressional Staffer), UW Madison
4/15 Other Public Budgets Part 2: Local Budgeting
Reading Assignment:
- Lee, Johnson and Joyce, chapter 15
- Huddleston, An Introduction to Local Government Budgeting

Guest speaker: David Schmiedicke, Finance Director, City of Madison

Assignment #6 Due

4/22 Apres Budget: Can we go home now? Budget implementation/adjustments
Reading Assignment:
- Budget Implementation: The Budget in Action, Axelrod

In class: Discuss the mechanisms in place to allow budget adjustments once the budget bill is enacted into law

4/29 Budget Issue Paper Presentations to panel

5/6 Budget Issue Paper Presentations to panel

5/14 Final Budget Issue Paper due by 9 a.m.