Trachtenberg School of Public Policy and Public Administration, The George Washington University

Syllabus: Issues in Federal Budgeting (January 18 Draft) (Tentative FOR DISCUSSION)

PPPA 6054.10, CRN: 46485, Spring 2015

Time: Tuesday 6:10 – 8 PM

Location: 152 Duques

Instructor: Marvin Phaup

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Office Hours: Wednesday, 5 – 5:45 pm, after class, and by appointment

Course Description

This course examines in greater depth some of the topics covered in the introduction to Public Budgeting and Finance, PPPA 6005. It also draws on the concepts and analytical tools developed in Economics for Public Policy, PPPA 6003 to identify the fundamental nature of public budgeting and the information requirements for effective, efficient budgeting.

We also assess the performance of the existing federal budget process by its social objectives and explore modifications that might improve its performance by enabling and encouraging more informed choice by policymakers and constituents. The course
also includes opportunities for students to hone their skills in group discussions leading to decisions and in drafting informative memoranda for decision-makers.

**Books and Materials:**


Shorter, topic pieces will be posted on Blackboard.

**Learning Outcomes**

**Knowledge and Understanding**

After completing this course, the student will understand:

- principles of federal budgeting: concepts, objectives, and processes, and will strengthen their ability to evaluate budgetary elements and systems by objectives;
- federal budgetary accounting and scoring;
- necessary features of effective public budget processes: a binding long-term (inter-temporal) budget constraint; relevant measures of costs that are scored against the constraint; and measures of value-for-money or program performance.

**Skills and Abilities**

The student will also:

- conduct and communicate budgetary and financial analysis effectively, orally and in writing;
- practice and enhance their critical thinking skills; and
- strengthen their ability to convey complex ideas and arguments concisely
Grading: Your final grade will be the weighted sum of grades on:

Quizzes: 15 %
Midterm exam: 25%
Policy Memoranda: 30%
Final exam: 30%

Or alternatively, without a mid-term:

Quizzes: 15 %
Memoranda: 45 %
Final Exam: 40 %

Quizzes: We will have short quizzes (10 minutes) at the beginning of many classes, primarily on the material discussed in the previous session (in which the quiz questions will be provided in advance).

Public budgeting and finance in the news. We’ll reserve time in class for a brief, analytical discussion of recent developments. Watch for interesting items to bring up during this time.

Midterm: The closed book, mid-term exam will be in-class on (TBD, but likely March 17).

Policy Memoranda for Decision-makers or Other Clients. Policy memoranda are required (number will vary). In each, you will describe a current or proposed budget policy, concept or practice, discuss its advantages and disadvantages, and offer a proposal for change or a case for retaining current practice. To assist in writing these memos, you will first participate in a class discussion on the topic. Examples of potential topics are shown below:

- Annual or longer budget horizons;
- Controlling mandatory spending.
- Budgetary treatment of federal civilian and military retirement benefits
- Social Security budgetary accounting
• Budgeting for federal credit programs
• Federal Use of Rainy Day, or Budget Stabilization, Funds
• Federal insurance of private pensions or deposit insurance
• Budgeting for capital assets
• Enforcement of Congressional Budget Resolutions
• Usefulness of cash-basis measures of the budget deficit
• Sustainability of current federal budget policies
• Performance budgeting: useful or a waste of time and money?
• Public-Private Partnerships: Structural innovation? Budget Deception?
• Budgetary treatment of mandatory universal low-wage “public service” (e.g., defense, education, social)
• Federal Debt Ceiling: To have or not?
• Tax expenditures (There is no such thing....)
• How much tax should the middle class pay?
• Federal [Corporate/Individual] Income Tax Reform
• Regulation and mandates (in or out of budget?)
• You may propose a topic at any time

The memorandum is not to exceed 2 pages, double-spaced, using an easily legible type size. Please provide both a hard copy and e-mail an electronic version. The report should demonstrate your ability to define a decision issue, organize your analysis, identify the advantages and disadvantages of your favored action, and make a reasoned argument as to why your recommendation should be adopted. Alternatively, you may argue that a decision needs to be made on the issue and that each choice entails enumerated advantages and disadvantages.

Final Exam: Comprehensive, take-home, open book, time-limited.

Tentative Class Schedule:

January 13: Class 1, Introductions: instructor, students, and course. What is budgeting?
Answer: It all starts with “scarcity” and the necessity of choice. Opportunity cost.
Overview and introduction to current federal budget process (statute and practice) and results;
Bhatti-Phaup article on Blackboard (first half)
For extensive review of current performance and proposed policies for fiscal stability, see: Report of the National Commission on Fiscal Responsibility and Reform (Simpson-Bowles) Moment of Truth
http://momentoftruthproject.org/sites/default/files/TheMomentofTruth12_1_2010.pdf

Who said it? People face trade-offs.

The cost of something is what you give up to get it.

Markets are usually a good way to organize economic activity.

Governments can sometimes improve market outcomes.

Hint: Author of text often used in PPPA 6003

Joyce and Meyers, “Is the Congressional Budget Process Worth Saving?” Public Budgeting & Finance

January 20: Class 2:

First Class discussion: Should the Federal Government be Subject to an Annual Balanced Budget Requirement?

Bhatti-Phaup (second half, discussion of annual budget balance rule)

Hearn-Phaup (US experience with Balanced Budget Norm)


https://www.fms.treas.gov/fr/index.html

January 27: Class 3:
Balanced Budget Memos Due

Second Class Discussion: Should Entitlement Spending be Subject to and Controlled by Annual Appropriations?


February 3 Class 4:

Appropriated entitlements Memos Due

Budgeting for Social Insurance and other Programs with “Trust Funds.” Parallels with private pension funds and credit reform accounting. Consider that entitlement programs sometimes considered by courts to be a “gratuity proved at the convenience of government.” Compare with SS notice of projected benefits letters/cards.

Mosso (Blackboard)


FASAB, Fiscal Gap Accounting Standard

Thune-Kane Proposal

February 17: Class 6: Budgeting for Long-Lived Assets: Leasing, Capital Budgeting and Power to Tax.

February 24: Class 7: Budgeting for Tax Expenditures, GSEs (creatures of budget accounting rules?), Public-Private Partnerships, and Regulation


March 10: Spring Break: No class

March 17: Class 9 Ferrum College Forum (Mid-Term Exam?)
After the mid-term, we will consider a number of topical issues, possibly including some of the following: Fiscal Federalism, Budgeting for Uncertainty and Risk, Pension and Deposit Insurance in the Budget, Federal Tax Reform, State and local experimentation with ZBB (Georgia) and Performance Budgeting (City of Baltimore), Independent Fiscal Institutions (Congressional Budget Office and Variations), Fiscal Rules.

**March 24:** Class 10  
**March 31:** Class 11  
**April 7:** Class 12  
**April 14:** Class 13  
**April 21:** Class 14  
Final Exam: TBA  
Early May (tentative) AABPA’s MPA/MPP Competition (in DC)

**Academic Honesty:** All examinations, papers, and other graded work products and assignments are to be completed in conformity with the GW Code of Academic Integrity. Its definition of plagiarism: “intentionally representing the words, ideas, or sequence of ideas of another as one’s own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information.” [Consistent with that Code, this and the following two notes were taken from a Trachtenberg syllabus prepared by Professor Adams.]

**Religious Holidays:** Religiously observant students should notify the instructor the first week of classes regarding any session that will be missed; the courtesy of an absence without penalty will be extended.

**Accommodation for Students with Disabilities:** To receive accommodations on the basis of disability, a student must give notice and provide proper documentation from the Office of Disability Support Services, Marvin Center 436. Accommodations will be made based upon recommendations of the DSS Office.