

BUDGET, FINANCE AND PUBLIC POLICY¹

Mr. McCann
LSHS 458

Monday
6:30-9:00 PM

This is a unique time to study the methods and processes by which resource allocation decisions are made in the federal government. As a nation, we have gone from a concern about the deficit, to trying to decide what to do with the surplus, to concern over the "Social Security Surplus," to a war footing and a mounting short-term and a daunting long-term deficit. The upcoming elections will focus additional attention on the deficit and, possibly the process by which we make budgetary decisions.

The financial management or budget execution processes also are changing as the as the movement to include performance measures in budgeting and as the need for flexibility and responses to domestic and international terrorist incidents stretches the budgetary and financial management rules.

The premise of the course is that every administrative process has imbedded within it policy biases and assumptions. The course will explore the assumptions and biases within budget and financial management and the changes that are occurring to meet new situations and circumstances.

The Course will be given in a lecture/discussion format that focuses on the issues raised in the required reading and additional handout materials. There will be one or two case studies, short written assignments, and mid-term and final exams. Grades will be based on class participation, activities associated with case studies, written materials and the exams.

Required Reading

Schick, Allen. The Federal Budget: Politics, Policy, Process (Third Edition).

MATERIALS TO BE PROVIDED IN CLASS

Brainard, Jeffrey, *Agency Officials Question White House's Review of Basic Science.*

Breul, Jonathan, *GPRA—A Foundation for Performance Budgeting.*

Congressional Budget Office, *What is a Current Law Economic Baseline*

Courty & Marschke, *Performance Funding in Federal Agencies: A Case Study of a Federal Job Training Program.*

Ho, *Governance Challenges of the Government Performance and Results Act.*

Muris, Timothy, Statement before the Committee on Rules, U.S. House of Representatives,

Penner, Rudolph, *Dealing with Uncertain Budget Forecasts.*

Posner, Paul and Denise Fantone, *Assessing Federal Program Performance.*

¹ If you believe you have a disability, then you should contact the Academic Resource Center (arc@georgetown.edu) for further information. The Center is located in the Leavey Center, Suite 335. The Academic Resource Center is the campus office responsible for reviewing documentation provided by students with disabilities and for determining reasonable accommodations in accordance with the Americans with Disabilities Act (ADA) and University policies.

Course Outline

September 8TH

Introduction, Course Requirements, Constitutional and Historical Background

Schick, pp. 1-52

Analytical Perspectives, Budget of the United States Government, Fiscal Year 2006 Analytical Perspectives, Budget of the United States Government, Fiscal Year 2006, The Budget System and Concepts pp. 407-20.

(<http://www.whitehouse.gov/omb/budget/fy2006/pdf/spec.pdf>)

Topics:

- a. Introduction, course requirements.
- b. Overview of the Process and contemporary pressures for change
- c. Constitutional debates on the "budget process" and values inherent in the Constitutional "Power of the Purse."
- d. Historical Development of the budgetary and financial management process.

September 15TH

Overview of the Budget Process I

Congressional Budget Office, *What is a Current Law Economic Baseline*, Muris, Timothy, Statement before the Committee on Rules, U.S. House of Representatives

Topics:

- a. The budget and financial management process as part of the overall relationship between administrative and program activities.
- b. World-view imposed by the processes of budget and finance and the current financial projections.
- c. Discussion of first exercise.

September 22ND

Overview of the Budget Process II

Breul, Jonathan, *GPRA—A Foundation for Performance Budgeting*.
Schick, pp. 53-83

- a. The budget formulation and execution cycle.
- b. Budget concepts.
- c. Entitlements and taxes.

September 29TH

Budget Formulation in the Agencies I

Courty & Marschke, *Performance Funding in Federal Agencies: A Case Study of a Federal Job Training Program*

Penner; *Dealing with Uncertain Budget Forecasts*

Topics:

- a. The budget process within the agencies, its timetable and decision criteria.
- b. The conflict between the budget process and the goals and missions of programs.
- c. Budget as a reinforcement of the hierarchical nature of governmental management.

October 6TH

Budget Formulation in the Agencies II

Schick, pp. 84-117

Posner, Paul and Denise Fantone, *Assessing Federal Program Performance*.

Topics:

- a. Approaches to budget formulation and analysis
- b. Structure of budget offices and the impact on policy.
- c. Budget offices/discretionary—Program-policy offices/entitlements
- c. Budget process and “Reinvention.”

October 13TH

Columbus Day, No Class

October 20TH

Central Budget Functions-the Role of OMB

Brainard, Jeffrey, *Agency Officials Question White House’s Review of Basic Science*

Ho, *Governance Challenges of the Government Performance and Results Act*.

Topics:

- a. The budget process within the Office of Management and Budget.
- b. The role of OMB in the conflict between program and budget.
- c. The role of the OMB process in reinforcing the hierarchical structure of government.
- d. Performance Budgeting.

October 27TH

Mid-Term/Exercise

November 3TH

Congressional Action-The Budget & The Ability to Establish Policy through Funding Decisions-I

Schick, pp. 118-213

Byrd, Robert, *Speech*, October 20th 1998

Topics:

- a. The Budget Process and its antecedents.
- b. Problems with the budget
- c. Constitution and the Limits of the Appropriations Process

November 10TH

Congressional Action-The Budget & The Ability to Establish Policy through Funding Decisions-II

Schick, pp. 214-274

U.S. v Lovett [328 U.S. 303 (1946)]

South Dakota v. Dole [483 U.S. 203 (1987)]

Rust v. Sullivan (1991)

Legal Services Corporation v. Velazquez (2001)

U. S. v. American Library Association (2003)

Topics

- a. The Appropriations Process
- b. Other spending mechanisms
- c. Revenues

November 17TH

Budget Execution

Schick, pp.275-304

Topics:

- a. How the government spends money.
- b. Mandatories vs. discretionary spending—Taxes
- c. The hierarchical nature of the budget execution process and the oversight processes.
- d. Accounting rules v. program goals.

November 24TH

Chief Financial Officers Act/Government Performance and Results Act/

PART

Schick, pp. 305-320

Topics:

- a. Is there a better way to manage government?
- b. The CFO Act-the latest experiment in matrix management.
- c. Credit reform-conflict with program goals and initial step in performance management.
- d. Performance measures

December 1ST

Testimony/ Final Exam