

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, finally a fiscal crisis of historic proportions. The new administration faces social and economic problems accompanied by extraordinary short term and long term deficits. The financial management and budget execution processes also are changing through the movement to include performance measures in budgeting.

The response to the financial crisis has placed the federal government in the role of guarantor of the existence of private financial and other corporate institutions to a degree unknown in our history; expanded on a historic scale little known or understood financial mechanism with unknown impacts on the short and long-term budgetary outlook and raised our threshold of budgetary concern from a deficit of hundreds of billions to trillions of dollars.

This course deals with series major themes: 1.) The budget process itself; 2.) The policy biases of the budget process 3.) The evolving efforts to include performance measures in the budget process; and 4.) The relationship between the function of the Federal Government and the evolution of its budgetary system, and 5.) The short and long-term budget crises and the failure of the budget process to deal with it.

The Course will be given in a lecture/discussion format that focuses on the issues raised in the required reading. Students are expected to have read and understood readings before class. There will be one or two written/oral assignments, and mid-term and final exams. Grades will be based on class participation, written/oral assignments 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*. March 2007.

Congressional Budget Office, *The Budget and Economic Outlook*

Congressional Budget Office, *Comparing Budget and Accounting Measures of the Federal Government’s Fiscal Condition*, (2006)

Congressional Oversight Panel; *Accounting for the Troubled Asset Relief Program, 2009*.

Congressional Research Service, *Financial Turmoil; Comparing TARP to the Federal Reserve Response*.

Courty, Pascal & Gerald Marschke, *Performance Funding in Federal Agencies: A Case Study of a Federal Job Training Program*, 2003.

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

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

Paley, *A Quiet Windfall For U.S. Banks*

Pear, *Bush Directive Increases Sway on Regulation*

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.

Penner, Rudolph, *Dealing with Uncertain Budget Forecasts*, 2002
Posner, Paul and Denise Fantone, *Assessing Federal Program Performance*.

Course Outline

September 14TH

Introduction, Course Requirements, Constitutional and Historical Background

OMB, *Budget Systems and Concepts* [in *Analytical Perspectives*, pp 401-418]
[<http://www.gpoaccess.gov/usbudget/fy09/pdf/spec.pdf>]

Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2009-2019*; [<http://www.cbo.gov/ftpdocs/99xx/doc9957/01-07-Outlook.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 21st

Overview of the Budget Process I

Schick, pp. 1-52

Congressional Budget Office, *What is a Current Law Economic Baseline*,
Congressional Research Service, *Financial Turmoil; Comparing TARP to the
Federal Reserve Response*. [<http://digital.library.unt.edu/govdocs/crs/data/2008/meta-crs-10804.tkl>]

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

[http://www.law.gmu.edu/assets/files/academics/schedule/2006/spring/Muris_FB_Testimony.pdf]

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 28th

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.

October 5TH

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 12TH

Columbus Day, No Class

October 19TH

Budget Formulation in the Agencies II

Schick, pp. 84-117

Posner, Paul and Denise Fantone, *Assessing Federal Program Performance. Congressional Oversight Panel; Accounting for the Troubled Asset Relief Program, 2009*. [<http://cop.senate.gov/documents/cop-010909-report.pdf>]

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 26TH

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.

November 2TH

Mid-Term/Exercise

November 9TH

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

Schick, pp. 118-213

Meyers, *Federal Financing for Medical Research Through Trust Funds*

Topics:

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

November 16TH

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. Revenues

November 23TH

Budget Execution

Schick, pp.275-304

Paley, *A Quiet Windfall For U.S. Banks*

Pear, *Bush Directive Increases Sway on Regulation*

Congressional Budget Office, *Comparing Budget and Accounting Measures of the Federal Government's Fiscal Condition*, (2006)

[<http://www.cbo.gov/ftpdocs/77xx/doc7701/12-07-FiscalMeasures.pdf>]

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 30TH

**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 7TH

Testimony/ Final Exam

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