Course Learning Outcomes for Unit V

Upon completion of this unit, students should be able to:

1. Assess the impact of nonconventional expenditures on finance and budgeting policy.
2. Analyze the budgetary tools available to aid administrators in dealing with nonconventional expenditures.
3. Infer how political considerations determine the extent to which nonconventional expenditures are prioritized and funded.
4. Discuss how welfare policy best typifies the politics and challenges of nonconventional expenditures.

Unit Lesson

A budget is a plan for how government intends to spend taxpayer funds over a given period of time, usually a year. The budget educates and informs the citizens about the priorities of the governmental entity in response to the input, guidance, and pressure received from elected officials, policymakers, and citizens themselves. If one desires to discern the priorities of a governmental body—state agency, municipality, school district, whatever—one usually can begin (and end) the process through an examination of the agency’s budget. As budgets are crafted by elected officials, appointed officials, and technical experts, they are inherently political documents as well. The priorities of citizens, and of government, change over time due to many factors, including the economy, social mores, challenges to national security, and natural disasters, to name a few.

Because the priorities of voters and governments evolve and change, a budget becomes a representation of this process. Simply put in political terms, the budget is a tool that can be wielded or crafted, over time, for political gain. For example, during periods when conservatives dominate the political process at any level of government, there is a desire to reduce governmental spending altogether or at least shift spending to programs that mirror the conservative point of view. Conversely, when liberals dominate the process and political landscape, there tends to be an increase in governmental spending or at least a shift towards spending more on those programs that benefit the liberal point of view (Miller, 2011). For example, in the Reagan era, governmental spending did not decrease but was shifted away from social programs to defense. In the Clinton era, defense was de-emphasized and more was spent on education.

As Miller (2011) notes in Chapter 6, “Budgets serve as a brake on the ability of the government to control the governed; in a sense, they serve the second great responsibility of government—to control itself” (p. 150). From a conservative point of view then, government constrains the people through constant and persistent expansion, meddling in the daily lives of citizens. Therefore, it must be limited and controlled. On the other hand, philosophically, liberals would contend that government can, and should, level the playing field, redistribute income, and
positively affect society to ensure equity. These two competing philosophies are very difficult to reconcile.

Whereas the budgetary discussion in Unit IV centered around conventional spending and techniques and systems designed to execute it most efficiently, Unit V addresses nonconventional budgeting or “hidden spending” that presents challenges for any administration at any level of government, conservative or liberal. These nonconventional expenditures are best exemplified by entitlement programs (i.e., social welfare programs such as Social Security, Medicare, and Medicaid), the costs of which have skyrocketed exponentially, yet are not substantively addressed or effectively limited by politicians or policymakers on a yearly (or long-term) basis. Therefore, they present significant and persistent challenges to the financial solvency of the nation, states, and cities (Miller, 2011).

Quite simply, many citizens and politicians bemoan the cost of these nonconventional expenditures but fail to deal with them in any cogent fashion, due to political considerations. People need and demand these benefits, but do not want to pay for them. Government, then, is left to manage the fallout. It is a very difficult prospect for policymakers and especially fiscal professionals, for obvious reasons. Due to this unwillingness to make difficult, macro-level budgetary and financial management choices and decisions that have multi-generational implications (i.e., Social Security), this rise in nonconventional expenditures will only continue, making the job of fiscal professionals only more difficult and demanding. Ultimately, the bubble may burst if politicians and administrators do not facilitate some degree of change to the process.

As Miller (2011) notes in Chapter 6, the U.S. government will always be involved, to a relatively significant degree, in social and welfare programs. Too many people simply demand these services. However, just the same, elected officials will continue to politicize this involvement for political gain, usually oversimplifying the facts, figures, processes, and outcomes. In addition, they will fail to offer any substantive solutions because they involve a long-term budgetary commitment (and perhaps budgetary decrease) that may have a negative effect on their ability to get either elected or reelected. As demonstrated by the case study in Chapter 6, Miller (2011) explains that there are no easy solutions. In addition, these seemingly federal-level concerns have trickle-down implications for finance professionals, public administrators, and citizens at all levels of government.

Should government be involved in the dispensation of social welfare benefits? There are arguments on both sides. However, all governments in Westernized democracies throughout the world are involved in these programs and benefits (usually to a much larger extent than the U.S. government, as noted by the textbook author). However, as long as the government is involved and elected officials continue to eschew or deflect difficult solutions about cost, the degree to which our budget is constrained by nonconventional expenditures will only increase.

Reference

Supplemental Reading

Using the CSU Online Library, locate and read the following articles:


Learning Activities (Non-Graded)

Reflection Paper

For this activity, you are asked to reflect on the concepts covered in the reading assignment and the Written Lecture and write about them. What did you understand completely? What did not quite make sense? The purpose of this activity is to provide you with the opportunity to reflect on the material you finished reading and to expand upon those thoughts. If you are unclear about a concept, this will give you a chance to write those questions down and email them to your professor for feedback. Can you apply the concepts you learned in this unit toward your career? How?

This is not a summary but is instead a chance for you to express your thoughts about the material learned in this unit by writing about it.

The Reflection Paper should meet the following requirements:

- Be at least one page
- Contain your thoughts about the material and its value to you personally
- Contain any questions you may have concerning the material

Format your writing using APA style. Because this is not a graded assignment, it does not need to be submitted to your professor. This activity was designed to allow you an opportunity to put your thoughts down on paper so you can determine what concepts still may be foreign to you and give you a chance to ask your professor any questions you may have.

Non-graded learning activities are provided to aid students in their course of study. This is a non-graded activity, so you do not have to submit it.