

Budget & Finance

ASPA Association for Budgeting & Financial Management

July 2002

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Progress with GASAC

by Bart Hildreth

I am honored to be ABFM's first representative on the Governmental Accounting Standards Advisory Council. With representatives from 28 other groups, such as accounting faculty, budget officers, mayors and state legislators, GASAC is the body officially appointed to advise the Governmental Accounting Standards Board (GASB). I see my role as communicating ABFM concerns and considerations to GASAC (and GASB), and fostering a flow of information from GASB to ABFM members. In January, we received official notice of our membership on GASAC. With funding by my university, I attended GASAC meetings in New York City in late January and in Norwalk, CT in late May (with the third meeting scheduled for Phoenix in October). I am proud to say that ABFM had the most observers at both meetings, with Dwight Denison and Bill Voorhees at the New York meeting, and Bill joining me in Norwalk. We are making an early and strong showing!

Generally, the meetings begin late one afternoon and conclude the following afternoon. In January, and then again in May, we spent most of the time discussing GASB's technical agenda. This is an important exercise because the technical agenda conveys how GASB will use its limited time and resources. Recognize, however, that while GASAC members can state their personal preferences and rationales, the ultimate decision on what will be on the official technical agenda rests with the seven members of GASB.

In January, we discussed and prioritized possible technical projects. In that ranking exercise, the projects that generally received heavy loading from the group for the short-term technical agenda included projects such as:

- Other Postemployment Benefits (e.g., healthcare benefits)
- Deposit and Investment Risks (credit and market risk)
- Financial Instruments (derivatives)
- Implementation Guides (update old ones)
- Asset Impairment/Preservation Method (tied to Statement 34)
- Conceptual Framework on Communications (define general purpose financial statements and the broader question of what and how to communicate financial and finance-related information)
- Environmental Liabilities (revisit landfill closure and possibly expand the scope)
- Fiduciary responsibilities (e.g. employee pension plans)
- Fund Balance/Net Assets Presentation (clarify terms)
- Electronic Reporting (possible use of new digital languages such as XBRL).

Other topics received support for longer-term consideration. One project would consider the use of present value for measuring long-term assets and liabilities. Another project would provide definitive definitions for key terms such as assets, liabilities, revenue, and other financial statement elements. A third project would revisit the financial reporting entity (Statement No. 14) criteria. A project on intangible assets (such as in-kind services and easements) was also discussed, as were a few others.

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Strong differences emerged on three projects, namely service effort and accomplishments reporting, economic condition reporting, and popular reporting. Some GASAC members objected strongly to placing these projects on the research agenda. Such designation permits the expenditure of time and resources on inquiries and monitoring activities. For example, GASB has an existing Sloan Foundation grant to explore the state of performance measurement in government (www.seagov.org). At the center of this ongoing controversy is whether nonfinancial information fits within the scope of financial reporting (as is suggested by GASB Concepts Statement No. 1), and, if so, how prescriptive might GASB be in any future pronouncements. In the view of GASB Board member Cindy Green, the GASB is not considering setting standards for performance, but rather is exploring whether standards should be established how performance information is reported to the public.

I believe ABFM is in a good position to enlighten the discussion on all three projects since our membership includes preparers (i.e., the finance and budget officers) and users (e.g., academics) of financial statements. Our members design and implement budgets as well as conduct the leading research on performance measurement in government. The value of financial and other information in achieving the goal of accountability is an ageless issue in our work. Moreover, much of our research and practice centers on broader measures of the economic condition of governments. Therefore, we should use our conference and other forums to advance a reasoned and balanced discussion of the issues that might otherwise split the governmental finance community.

Other matters that have been discussed recently include a request that GASB give guidance on the proper accounting of post-September 11 increased governmental spending: whether this activity should be treated as an extraordinary event or just a change in the environment of government. On the hot topic of accounting reform in light of the Enron bankruptcy (and before the WorldCom debacle), the group shared ideas on the possible ripple effect on governmental accounting and financial reporting. We have also had the opportunity to comment on an exposure draft on deposit and investment risks. As released on July 1, the draft has a comment period that ends on September 27, 2002. If you have an interest in the topic, please submit formal comments to the GASB and send me a copy of your submission so I can be more informed on the issues of concern.

If you have any questions on GASAC, please contact me by email (bart.hildreth@wichita.edu) or phone (316-978-6332). Thanks again for allowing me to serve as your representative.

Chair's Message

by Beverly Bunch

As many governments start a new fiscal year, we are reminded of the importance of public budgeting and financial management. As members of ABFM, you know the tremendous amount of time and energy that is invested in preparing and negotiating budgets. Budget implementation also poses numerous challenges. In Illinois, where I live, the budget has been passed, but government officials now must implement employee layoffs, program cutbacks, and early retirement options. As one state official said, "This is the toughest budget implementation we have had in a long time."

ABFM strives to provide services to help our members face these challenging times. Many of our activities focus on efforts to facilitate the sharing of information. Currently, planning efforts are underway for the upcoming 2002 ABFM Conference in October in Kansas City. We also soon will be soliciting proposals from ABFM members who might be interested in hosting the 2004 ABFM Conference. Look for guidelines for those proposals to be posted on the ABFM website around the beginning of August (www.abfm.org).

We also are in the process of developing an ABFM list-serve that will allow people to pose discussion items or ask inquiries directed to others in the profession. For example, in the past few days, I received two email inquiries, one asking about budgeting software for police departments and the other asking for examples of jurisdictions that have a financial reward system for individuals who present an idea that ends up saving the government money. (If you have information on either of these two items, please let me know, bunch.beverly@uis.edu). There are also a number of possible "best practice" ideas or other timely topics to discuss. We plan to post information about the list-serve on the ABFM website sometime later this summer. I hope to see many of you at the conference in October.

Berner Receives Award

Dr. Maureen Berner was awarded the Albert and Gladys Hall Coates Junior Faculty Achievement Award from the School of Government at the University of North Carolina, Chapel Hill. The award recognizes service to the community, university and profession. In presenting the award, Dean Michael R. Smith, of the School of Government said, "Maureen has done an excellent job in both the MPA Program and working with local budget officials in North Carolina. Her dedication and commitment to students is well known. Her talent and enthusiasm are a great addition to the School. We are lucky to have Maureen as a colleague."

Conference Update

Below is a *tentative* schedule for the 2002 Conference in Kansas City. Please keep in mind that this is subject to change! If you have questions, contact Jocelyn Johnston (jocelyn@ukans.edu) or John Bartle (jbartle@mail.unomaha.edu)

Thursday, October 10

8:30-10:00	<u>Concurrent Sessions:</u> Local Performance Measurement, Comparative Fiscal Policy, Accounting and Accountability, Changing Financial Management Practices
10:15-11:30	First Plenary: Panel on the Simplified Sales Tax
12:00-1:30	Lunch with the Stars
1:30-3:00	<u>Concurrent Sessions:</u> Financial Management Theory I, Local Fiscal Stress, Federal Budgeting, The Mystery of Bond Ratings
3:15-4:45	<u>Concurrent Sessions:</u> Financial Management Theory II, Financial Implications of Alternative Governance Structures, Local Debt Management, Comparative Federalism
5:00-7:00	Reception
7:00-12:00	Jazz Pub Crawl

See *Conference*, page four

BALLOT

ABFM Official 2002 Election Ballot

For Vice-Chair (vote for one):

_____ Kurt Thurmaier
 _____ *Other* (write in name) _____

For Executive Committee (vote for one):

_____ Kenneth A. Klase
 _____ *Other* (write in name) _____

Please detach and return this ballot by August 15, 2002 to: ABFM Secretariat, University of Kentucky, Martin School of Public Policy and Administration, 417 Patterson Office Tower, University of Kentucky, Lexington, KY 40506-0027.

Kurt Thurmaier is Professor and Director of Public Policy and Administration at Iowa State University. He was previously on the faculty at the University of Kansas. He teaches public budgeting, public finance, comparative public administration, and quantitative analysis. Prior to his academic career, Kurt was a budget and management analyst for the State of Wisconsin. His research interests include examining how state and local budget office analysts make recommendations to budget directors and chief executives. He recently completed a book on the subject, *Policy and Politics in State Budgeting*, with Katherine Willoughby. His publications have appeared in *Public Administration Review*, *Journal of Public Administration Research and Theory*, *Public Budgeting and Finance*, *State and Local Government Review*, and *Administration & Society*.

Kurt is an active member of ABFM. He has served as the section newsletter editor, on the Executive Committee, and on various subcommittees, including a current committee on revenue generation. He chaired the host committee for the 2000 ABFM conference in Kansas City, and received an award for outstanding leadership in ABFM. Kurt is active in numerous other professional organizations, including other sections of ASPA, the American Political Science Association, and the Midwest Political Science Association. He is a member of two honorary societies *Pi Alpha Alpha* (public affairs and administration), and *Phi Beta Delta* (international studies). His consulting work includes budgetary aspects of city-county consolidations in the US, and local government budgeting and financial management reforms in Poland, Ukraine, and other developing democracies.

Kenneth A. Klase is the MPA Director in the Political Science Department of the University of North Carolina at Greensboro. He has a DPA from the University of Georgia and has also taught public budgeting and public financial management at West Virginia University, Old Dominion University and Auburn University. Ken has extensive experience as a practitioner through service in the U.S. Navy and through public service activities with the Vinson Institute at Georgia and the Center for Governmental Services at Auburn. His research interests are primarily in state and local budgeting and financial management. Ken is a long-time member and active participant in ASPA and ABFM.

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Friday, October 11

- 8:30-10:00** Concurrent Sessions: School Finance Policy, Challenges in Financing Infrastructure, State Performance Budgeting, Public Budgeting & Finance Careers: Paths, Challenges and Opportunities
- 10:15-11:45** Concurrent Sessions: Current Issues in State Government Budgeting, Budget Theory, Economic Development Finance, Welfare Reform
- 12:00-2:00** Awards Luncheon
- 2:00-3:00** Second Plenary: TBA
- 3:15-4:45** Concurrent Sessions: Roundtable: ACIR Redux: Fiscal and Intergovernmental Data and Analysis Needs, Debt Policy and Management, Measuring and Evaluating Productivity, State Budgets in Crisis
- 5:30-7:30** Reception

Saturday, October 12

- 8:30-10:00** Concurrent Sessions: Emerging Scholars Panel, Democratizing the Budgetary Process, Reforming School Aid
- 10:15-11:45** Concurrent Sessions: Comparative Perspectives on Performance Budgeting, The Electronic Age Of Public Budgeting And Finance, Intergovernmental Fiscal Issues
- 11:45-1:30** Teaching Roundtable: Using Technology to Teach Budgeting and Finance

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