

Trachtenberg School of Public Policy and Public Administration
PPPA 6005-10
Public Budgeting, Revenue, and Expenditure Analysis
Fall 2020
Dr. Kate Yang

Time: Tuesday, 6:10 pm – 8:00 pm
Location: Blackboard Collaborate Ultra
Instructor: Kate Yang (langyang@gwu.edu)
Grader: Gabriel Morey, gtmorey@gwmail.gwu.edu
Office Hours: Make an appointment through <https://langyang.youcanbook.me> (if the listed does not work, feel free to email me about alternative times)

1. Course Description

This course provides an introduction to governmental budgeting and finance. Funding for public programs is inseparable from the operation of those programs; in addition, the sources of revenue for public programs often play an instrumental role in design of such government spending. As a result, public managers and their advisors (both inside and outside of government) find themselves in need of the knowledge and skills associated with the key principles of public finance and budgeting. A familiarity with and understanding of such principles is vital to professional success in the arena of public administration and public policy.

This course will survey the broad areas of: (1) public budgeting, (2) governmental expenditure and financial management, and (3) revenue analysis in the public sector. The course will start with an overview of the budgeting context: allocation of scarce resources in the public sector. We will cover the key phases of budgeting: from executive preparation of budget proposals to legislative consideration of those proposals to the eventual execution of budgets. We will discuss budget processes and concepts on the federal, state, and local levels, and the theories and facts regarding intergovernmental fiscal relationship. We will review why governments tax in the ways that they do, as well as the tax structure and management at different levels of government. Although discussions in this course are largely centered on the United States, international examples and comparisons are drawn when necessary.

2. Required Text

Lee, Robert D., Ronald Johnson, and Philip Joyce, *Public Budgeting Systems*, Jones and Bartlett Publishers (9th Edition). Several additional readings are listed in this syllabus and available on Blackboard.

3. Student Learning Objectives

After completing this course, the student should understand:

- Principles of public budgeting: concepts, objectives, and processes;
- How governments pursue policy goals through the 4 phases of the annual budget cycle;
- Basics of budgetary accounting;

- Intergovernmental fiscal relations; and
- Basic tools of tax analysis.

The student will also:

- Be able to read and interpret budget documents and other written materials related to public expenditures and revenues;
- Demonstrate a working competence with spreadsheet software for budgetary analysis;
- Conduct and communicate budgetary and tax analysis effectively; and
- Gain an appreciation for the seriousness of the fiscal challenge facing the United States over the long term.

4. Minimum Time Requirement: This is a 3-credit graduate course. Over 14 weeks, students will spend about 2 hours per week in class. Required reading and written assignments are expected to take up, on average, 6 hours per week. Over the course of the semester, students will spend 28 hours in instructional time and about 85 hours outside of class.

5. Grading: Your final grade will be the sum of grades on the following activities. Specific instructions for the assignments, exams, group presentation, and daycare center budget project will be passed out when assigned.

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|---|------|
| • <i>Assignments</i>
(7 assignments, 5 points each) | 35 % |
| • <i>Daycare Center budget:</i>
(Excel spreadsheet and written memo) | 10% |
| • <i>Mid-term exam</i>
(Timed online test) | 10 % |
| • <i>Group presentation</i>
(Material preparation & in-class presentation) | 15 % |
| • <i>Attendance & participation</i>
(Instructor review of student participation) | 5 % |
| • <i>Final exam</i>
(Comprehensive, take-home) | 25 % |

Grading scale (based on student handbook: “no student will be permitted to graduate with a GPA of less than 3.0”; that is an average of B across all your courses).

A	>93.50 up through 100 (← specifically: 93.51 – 100)
A-	>89.50 up to and including 93.50
B+	>86.50 up to and including 89.50
B	>83.50 up to and including 86.50
B-	>79.50 up to and including 83.50
C+	>76.50 up to and including 79.50
C	>73.50 up to and including 76.50
C-	>69.50 up to and including 73.50

6. Class and University Policies and Resources

Remote Learning Policies:

Course delivery approach. This class is fully online through synchronous sessions.

Recording of the class. All classes will be recorded and accessible on Blackboard. All course materials, including course recordings, are for your personal use. Unauthorized downloading, distributing, or sharing of any part of a recorded lecture or course materials, as well as using provided information for purposes other than the student's own learning may be deemed a violation of GW's Student Conduct Code.

Equipment. Please ensure you have access to a working computer with proper audio and video setup, stable internet, and Microsoft Word and Excel (or other software with similar functions).

Time zone. All the times in this Blackboard course correspond to U.S. Eastern Time zone (e.g., Washington, DC). It is your responsibility to convert these times to the time zone of your location so you can meet this course's deadlines.

Class Policies:

Attendance is required. Class time will be a key part of learning the materials covered by lecture slides and assigned readings. Class time will also include discussion of information and observations that are not in those readings. As a result, attending class will be a strong contributor to your success in this course. Excused absences require **advance notice with legitimate reasons and proof**. The grade on attendance and participation is made based on the instructor's review of whether a student shows up for class and actively participates in in-class discussions.

Instructor response time. I will respond to emails within 24 hours (excluding weekends and holidays). I will return assignments within one week.

Late assignments. Late work will be accepted up to ONE WEEK after the due date, but grading will be penalized for late submission (5% penalty for the first offense and additional 5% for each offense after that). No credit for work submitted more than one week late unless you have extraordinary circumstances such as a serious illness *and* you have received approval from the instructor PRIOR TO the original due date for a late submission.

Classroom expectation. Higher education works best when it becomes a vigorous and lively marketplace of ideas in which all points of view are heard. Free expression in the classroom is an integral part of this process. At the same time, higher education works best when all of us approach the enterprise with empathy and respect for others, irrespective of their ideology, political views, or identity. We value civility because that is the kind of community we want, and we care for it because civility permits intellectual exploration and growth.

Respect for Diversity. It is my intent that students from all backgrounds and perspectives be well-served by this course, that students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength, and benefit. I strive to create an inclusive classroom and present materials and activities that are respectful of diversity including gender, sexuality, disability, age, socioeconomic status, ethnicity, race, culture, and political affiliation. Your suggestions on how to help me succeed with this are encouraged and appreciated.

University Policy on Religious Holidays: Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance.

Changes to the Syllabus: Please note that this syllabus is intended to be a guide to the course for students. Sound educational practice requires flexibility and the instructor may, with appropriate notice, change the content and requirements during the course.

Academic Integrity Code: Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.

For the complete Academic Integrity Code, see: <http://studentconduct.gwu.edu/code-academic-integrity>

Students are welcome to consult with each other on homework assignments, but should individually draft responses. All work on the take-home Final Exam should be your own, *solo effort*.

Changing Grades after Completion of Course: No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.

Incompletes: A student must consult with the instructor to obtain a grade of "I" (incomplete) no later than the last day of classes. At that time, the student and instructor will both sign the CCAS contract for incompletes and submit a copy to the School Director. Please consult the TSPPA Student Handbook for the complete CCAS policy on incompletes.

Accommodation for Students with Disabilities: Any student who may need an accommodation based on the potential impact of a disability should contact the Office of Disability Support Services at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information, please refer to <https://disabilitysupport.gwu.edu/>.

GW Counseling Resources: In addition, should you need any non-academic support outside of class please consult the following:

University Counseling Center
Division of Student Affairs Marvin Center, Ground Floor
800 21st Street, NW
Washington, DC 20052
Phone: [202-994-5300](tel:202-994-5300) | Fax: [202-994-5267](tel:202-994-5267)
Email: counsel@gwu.edu

7. Class Schedule:

Class schedule is arranged on a class (weekly) basis. Under each class title, you will find readings that you will need to complete **prior to** the class date, and assignments and tests due **after** the class date.

September 1, Class 1 — Course Overview, Government's Role

Budgeting in the context of the economic problem of scarcity. The role of markets vs. the role of government.

Reading:

- Lee/Johnson/Joyce, Ch. 1, Ch. 3 (p. 55-75 "OBJECTIVES OF ECONOMIC POLICY")
- Congressional Research Service, Basic Federal Budgeting Terminology

- Richard A. Musgrave, “The Theory of Public Finance.” Ch. 1. A Multiple theory of the public household.

Excel exercise:

We will use Excel to construct spreadsheet and conduct budget analysis throughout this semester. Having a working knowledge of Excel is essential to your ability to complete some of the assignments; in fact, in all future work done in Excel, I reserve the rights to take points off for numbers that are directly typed into Excel without showing the calculation/formula. I will post an “Essential Excel” spreadsheet module to Blackboard, to familiarize you with Excel. *Please submit your work on Blackboard by 8 PM, September 7.* Although you do not receive points directly from this exercise, your submission counts towards attendance & participation.

September 8, Class 2 — Size of Government, Budget Goals, Budget Cycles

How big is the public sector? What are the overall budgetary goal and policy tools of the federal government? What is the typical or idealized “budget cycle”?

Reading:

- Lee/Johnson/Joyce, Ch. 2, Ch. 3 (p. 80-91 “TOOLS AVAILABLE TO AFFECT THE ECONOMY”), Ch. 4
- OMB, [Analytical Perspectives](#), skim through chapter on “Budget Concepts”
- Peter G. Peterson Foundation, “Selected Charts on the Long-Term Fiscal Challenges of the United States”

Assignment 1:

Complete the online search assignment to find budget-related information in a variety of public locations including websites for the Bureau of Economic Analysis, the U.S. Treasury, the Office of Management and Budget, the Congressional Budget Office, and the Library of Congress’s legislative system (*Due by 8 PM, September 14. Please save a Word file with your last name in the file title and upload to Blackboard.*)

September 15, Class 3 — System of Budgeting, Budget Preparation

The evolution of budget systems that focuses on different functions of the budget; the executive branch’s preparation of budget and budget documents generated.

Reading:

- Lee/Johnson/Joyce, Ch.7, Ch.8
- Philp Joyce, 2011. The Obama Administration and PBB: Building on the Legacy of Federal Performance-Informed Budgeting. *Public Administration Review*.
- OMB Circular A-11: skim the table of contents (the whole document is close to 1000-page long!), read p. 1-5 of section 51 (p.135 of pdf)

Assignment 2:

Write a one-page memo analyzing a government's budget of your choice. *Due by 8 PM, September 21. Please save a Word file with your last name in the file title and upload to Blackboard.*

September 22, Class 4 — Budget Approval, Function of CBO

The legislative control of the “power of the purse;” the federal budget process by law and in reality.

Reading:

- Lee/Johnson/Joyce, Ch. 9, Ch.10.
- Committee for a Responsible Federal Budget: Reconciliation 101

Assignment 3:

Play the Fiscal Ship game (<https://fiscalship.org/>) and summarize your results on the Blackboard discussion forum. The broad purpose of this game is to control the burgeoning federal debt. You are to choose up to three broad policy goals and various policy options that are consistent with your chosen goals. There is no one best or right way to accomplish this. *(Due by 8 PM, September 28. Summarize your results on a Blackboard discussion forum.)*

September 29, Class 5 — Baseline Projections; Federal Debt and Deficit

Development of a baseline as a “bottom-up” exercise; the current federal budget outlook; federal effort in controlling debt and deficit

Reading:

- Skim Congressional Budget Office, *Budget and Economic Outlook, 2020 to 2030*
- Elizabeth McNichol & Dylan Grundman, 2011. The Current Services Baseline: A Tool for Understanding Budget Choices. Center on Budget and Policy Priorities.
- John Mikesell, 2013. Federal Debt Limit in the United States: The Perverse Impact of an Outmoded Control Mechanism. *Business Systems and Economics*.
- Economist (Jul. 23, 2020). Governments must beware the lure of free money.

Assignment 4:

Baseline projection of a mandatory spending program. *(Assignment due by 8 PM, October 5. Upload an Excel spreadsheet titled your last name onto Blackboard).*

October 6, Class 6 — Budget Execution and Financial Management

Controls in federal budget execution; accounting, reporting, and auditing.

Reading:

- Lee/Johnson/Joyce, Ch. 11 (the whole chapter but skim p. 354-387), Ch. 12
- U.S. Treasury, Citizens Guide to Financial Report of the United States Government FY2016

- Dean M. Mead, 2001. The Quick Guide to State Government Financial Statements. Government Accounting Standards Board. [__](#)

Assignment 5:

Baseline projection of a discretionary spending program. (*Assignment due by 8 PM, October 12. Upload an Excel spreadsheet titled your last name onto Blackboard.*)

October 13, Class 7 — Cost estimates

Cost accounting; cost estimates for policies; CBO cost estimate example from guest lecturer (TBD).

Reading:

- Anthony, Robert, and David Young, 1984. Chapter 4, “Cost Accounting” of *Management Control in Nonprofit Organizations*, Irwin.
- CBO: *Frequently Asked Questions about Cost Estimates*. <https://www.cbo.gov/about/products/ce-faq>

Daycare center budget project:

You will prepare a budget for baseline and alternative scenarios in spreadsheet form for a hypothetical nonprofit organization working with a local government, and an accompanying memo. (*Due 8 PM, Friday, October 23. Upload the Excel spreadsheet and Word document titled your last name onto Blackboard.*)

October 20, Class 8 — Capital budgeting and Capital Finance

Capital budgeting for state and local government; state and local debt finance; municipal bond market.

Reading:

- Lee/Johnson/Joyce: Ch. 13 (the whole chapter but skim p. 469-484), Ch. 14
- Standard & Poor’s, 2007. Public Finance Criteria. Read “GO Debt” on pages 60-66.

Group project part 1: group resume and group contract

You will be assigned a group. Later in the semester, your group will prepare research on an issue of interest regarding the budget of a state or foreign nation. You can review the instruction on Blackboard to get a broad idea of the purpose and requirement of this project. *Using the template posted on Blackboard, you will submit a copy of group resume and contract. I am happy to provide feedback on a proposed topic if you already have one on mind and attach it to this submission. Due 8 PM, October 26.*

October 27, Class 9 — Intergovernmental Fiscal Relations & State and Local Budgeting

Theories and practice of fiscal federalism; intergovernmental grants; state and local revenue and expenditure; budgetary and fiscal institutions.

Reading:

- Lee/Johnson/Joyce: Chapter 15

- NASBO 2019, Summary State Expenditure Report.
- NASBO 2020, Summary Spring 2020 Fiscal Survey of States
- Skim: NASBO 2015, Budget Processes in the States.

Mid-term Exam:

Complete the open-book and open-note mid-term exam on Blackboard. The exam is timed but you can start anytime during the week, as long as you complete the exam by 8 PM, November 2.

November 3, Class 10 — Introduction to Government Revenue

Criteria for evaluating revenue options.

Reading:

- Wallace Oates and Robert Schwab, 2014. The Window Tax: A Transparent Case of Excess Burden. Land Lines, Lincoln Institute of Land Policy.
- John Mikesell. Chapter 7, “Taxation: Criteria for Evaluating Revenue Options.” Fiscal Administration.

Group project part 2: topic selection

You have seen the instruction on Blackboard regarding the purpose and requirement of this project, and hopefully have started topic selection discussions within the group. Please *upload your topic selection to Blackboard by 8 PM, November 9*. In the uploaded document, write a short paragraph to describe the entity and the specific aspect of fiscal affairs you plan to study, as well as the division of labor. I will provide feedback on your topic selection and help you finalize the topic.

November 10, Class 11 — Personal Income Tax

U.S. federal personal income tax; tax rates; deduction and credits.

Reading:

- Lee/Johnson/Joyce, Ch. 5
- The President’s Advisory Panel on Federal Tax Reform, 2005. Chapter 3: Tax Basics.

Assignment 6:

Personal income tax calculation. (*Due 8 PM, November 16. You will upload an Excel document titled your last name onto Blackboard.*)

November 17, Class 12 — Payroll tax; Property Tax

Payroll tax. Why property tax is the least problematic local revenue source.

Reading:

- Lee/Johnson/Joyce, Ch. 6

- Chapter 1 of “A Good Tax: Legal and Policy Issues for the Property Tax in the United States” (by Joan Youngman).

Assignment 7:

Property tax calculation. (Due 8 PM, November 23. You will upload an Excel document titled your last name onto Blackboard.)

November 24 – Thanksgiving Break, no class

Group project part 2: slides preparation:

You will prepare a presentation focusing on an issue of interest regarding the budget of a state or foreign nation. (Due 8 PM, **Friday**, December 4. Upload the presentation material, mostly likely a PowerPoint document, titled your group number onto Blackboard. And I will provide you feedback prior to the in-class presentation.)

December 1, Class 13 — Sales Taxes; Tax as a Policy Tool

Choices and issues with consumption tax. The use and problems of tax expenditure.

Reading:

- Tax Foundation, 2017. Sales Tax Base Broadening: Right-Sizing a State Sales Tax.
- Susannah Tahk, 2014. The Tax War on Poverty.

December 8, Class 14 — Budget Presentation

Budget Presentation (in-class presentation):

You will present on the issue of interest regarding the budget of a state or foreign nation which you have conducted research on.

December 15, Final

Questions for the take home final will be posted on Blackboard at noon on December 15. Final is due by noon, December 22. You will upload a Word document and an Excel document titled your last name onto Blackboard.