

## **SYLLABUS: PUBP 741      Spring 2003**

**Course Number:**      **PUBP 741            (DRAFT SYLLABUS )**

**Course Title:**        ***Government Finance in the United States: Policies and Processes***

This course examines at all three levels of government (federal, state and local) the design and operation of expenditure and revenue systems. The key process of mobilizing and allocating resources through the planning, adoption, and execution of the budget is stressed. In addition to examining the underlying theory and policy objectives of various tax and spending regimes, the course will undertake a systematic review of the tools involved in management control, performance measurement, cash and debt management, and public sector accounting and financial reporting systems. Emphasis will be placed on case studies and analytical methods. Parallels are drawn with the financial operations of non-governmental entities, including the nonprofit sector.

**Class Dates:**        Thursdays: 7:15 P.M. - 9:45 P.M.  
                              1st Class – January 23, 2003  
                              Last Class – May 1, 2003  
                              Final Exam – May 7, 2003 (regular class time)

**Course Objectives  
and Description:**

This course provides an introduction to and survey of public sector financial policy and management in the United States. It will examine the processes of taxing and spending and the principal institutions involved in the management of governmental resources. The course's scope covers both federal and state and local government institutions and processes.

Government finance will be largely approached from a management and practitioner point of view. At the federal level, we examine the major issues facing the national government such as controlling the growth in federal spending, the consequences of economic cycles, effects of tax reform on the federal budget, changes in federalism, and efforts to reform the federal budget process. At the state and local level, objectives of the course are to gain insight into the roles of the various financial disciplines, to become familiar with basic terms and concepts in public finance, and to develop an insight into the role of analysis in policymaking.

**Instructor:**                      John E. Petersen (703) 273-2653 (H)                      (703) 993-2286(W)

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eMail [jep@gmu.edu](mailto:jep@gmu.edu)

Office ARL 265

## **Method of Instruction:**

This course will be taught as a survey course. Many topics will be covered. Some topics will not be as thoroughly as one might desire. While this is not a seminar, it is expected that you will participate in class discussion. Questions will be assigned and asked in class. Participation should demonstrate an understanding of the course assignments (please read ahead) and a familiarity with current developments in the field of public budgeting and finance.

## **Requirements:**

Keep abreast of current issues in government finance by reading at least one newspaper with national coverage (Wall Street Journal, Washington Post, New York Times, Financial Times). Participate actively in class discussions. Do presentations, complete research papers satisfactorily, pass examinations.

## **Class Presentations:**

During the semester, you need to stay informed on current developments that are relevant to government finance. Therefore, as part of your class participation grade, you will be assigned brief, 5-minute individual presentations to be made about current news items dealing with public finance. These can be based on clippings from newspapers, magazines, newsletters, or professional journals. Federal, state, and local government finance topics are all fair game. Your presentation should summarize the item and then relate it to some concept, practice, or problem in public financial policy and management, including your observations on its implications. Please submit a one-page outline of your presentation to me when you give your presentation.

I will hand out a schedule of the presentations at the third class session and there will be presentations at most class sessions starting thereafter.

## **Interest Profile:**

Please write a brief (not more than one page) profile telling about your background, graduate-level course work, your career aspirations, and your expectations from this course. Please submit the interest profile to me no later than the February 6 class session.

## **Research Paper:**

One research paper will be assigned during the semester. *Do not exceed 10 pages*, double-spaced, including any charts or graphics, footnotes and

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references. I'd greatly appreciate 12 point type size. You may select a topic of interest to you in the area of government financial management or policy at the federal, state or local level. The topic is subject to my approval. If you wish, you may select one from a list of topics that I will hand out. .

The paper should deal with topics that we will be covering in this course and should demonstrate your ability to define the problem, point out its significance and make a reasoned argument as to why proposed or attempted solutions are, or were, better or worse, successful or not. Please be careful in your citations and references and make sure that this is your own work.

Please have your research paper topic submitted no later than the February 20 class session and approved by me no later than February 27. Research papers are due on or before April 10. Instructions will be provided concerning delivery.

### Books & Materials

John Mikesell *Fiscal Administration* (5th edition) Harcourt Brace  
Allen Schick *The Federal Budget: Politics, Policy, Process*  
(2000 revised edition) Brookings Institution Press  
Commission on Virginia's State and Local Tax Structure: House Document  
22, Commonwealth of Virginia: Appendix D John Bowman (2001)  
District of Columbia: Tax Rates and Tax Burdens (2001)  
Various Handout Readings for PUBP 741

### Quiz:

There will be a 60-minute quiz at the beginning of the March 6 class session. This is intended to give both you and me an early indicator of your understanding of the material covered to that date. The quiz will consist of short essay answers and definitions.

### Grading:

Weights for the course grade will be as follows:<sup>1</sup>

Mid-term Quiz	15%
Research Paper	30%
Class Participation	10%
Class Presentation	10%
Final Examination	35%

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<sup>1</sup> Where letter or numeric grades are used, the following is the sequence:

A+: 98-100, A: 92-97.9 A-: 90-91.9 B+: 88-89.9, B: 82-87.9, B-: 80-81.9 C+: 78- 79.9, C: 72-77.9, C-: 70-71.9

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**Office Hours:**

I will be available before class at the hours given below or in my office by appointment. My normal office hours for meeting will be 2:00 to 4:00 PM on most Wednesdays and 4:30 to 6:30 PM on most Thursdays. Other times are possible. If you wish an appointment, please call (703) 993-2886 or (703) 273-2653 (Home) ahead. My e-mail address is [jep@gmu.edu](mailto:jep@gmu.edu).



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Readings:      Mikesell: Chapter 10 and 11  
Handout:        LMI; "Public/Private Ventures"

March 13:                    **NO CLASS ...Spring Break**

March 20:                    Revenue Administration, Forecasting, and Intergovernmental Transfers:

Readings:        Mikesell, Chapters 12 -13

March 27:                    Capital Budgeting and Debt Administration.

Readings:        Mikesell: Chapter 5 and 14.  
Handout:         Petersen, "Debt and Debt Management"

April 3:                      Cash Management, Investments and Public Employee Pensions.

Mikesell:         Chapter 15  
Handout:         Petersen, "Managing and Investing Public Funds"  
                      Petersen, "Public Pension Funds" (ICMA manuscript)

April 10:                    **Research Paper Due:**

Readings:        Petersen "Value Capture Finance"

April 17:                    Local Economies, Development, Fiscal Capacity and Fiscal Impacts.

Handouts:        Petersen. "Value Capture Finance" (con't)  
                      Burchell & Listokin, "Fiscal Impact Procedures."

April 24:                    Analyzing Fiscal and Financial Condition: Tying it all together

Handouts:        Municipal Bond Rating Criteria  
                      DC Comparative State and Local Tax Burdens (2002)  
                      (available on District of Columbia Finance website)

May 1:                        Fiscal Crises and Reforms at the State and Local Level:

Handout:         Tannenwald: "Are State and Local Revenue Systems Obsolete?"  
                      John Bowman, Tax Criteria: Appendix D, Commission on  
                      Virginia's State and Local Tax Structure

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May 8:

**FINAL EXAM (Regular class time)**