

SYLLABUS: PUBP 741 Spring 2004

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.

Class Dates: Wednesdays 7:15 P.M. - 9:50 P.M., Room 250
1st Class – January 21, 2004
Last Class – April 28, 2004
Final Exam – May 5, 2004 (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 policy 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 used there, to become familiar with basic terms and concepts in public finance, to examine practical applications, and to develop an insight into the role of analysis in policymaking.

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**Method of
Instruction:**

This course is 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

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assigned and asked. 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 the project papers and presentations and pass the examinations.

Interest

Profile:

Please write a brief (not more than one page) profile telling about your background, graduate-level course work, career aspirations, and expectations from this course. Please submit the interest profile by the February 4 class.

Research

Project:

After the second week of classes, members of the class are asked to divide into 3- and 4-person project teams. The assigned task will be to analyze a governmental financing issue. A suggestive list of topics will be circulated, but I encourage each team to select a topic that it likes. What I want is a critique of a governmental financing issue: policy issues and objectives, the basic economics of the activity, the benefits versus costs, any risks entailed and how they are shared, and the appropriateness of financing techniques used. The team's written report is not exceed 25 pages, double-spaced, including a one-page executive summary at the beginning, charts or graphics, and the footnotes and references. I'd greatly appreciate 12-point type size.

The team should select a topic of interest to it in the area of governmental finance at the federal, state or local level or, if it wishes, at the international level. The report should demonstrate your team's ability to define the problem area (ask a question and seek to answer it), point out its significance, assess the relevant factors, and make a reasoned argument as to why or why not the proposed or actual solutions are appropriate and/or if they were successful or not. There may be disagreements among you in doing this analysis and reaching conclusions. Part of the exercise is to see how well you can work and report as a group, including how you handle differing and dissenting views in a group effort.

Please be careful in your citations and references and make sure that this is your own work. The topic should be submitted to me and is subject to my approval. The grade on the paper will be given in common to all members of the team. It is up to your team to see that the work is equitably shared.

Upon the formation of teams of three or four persons each, please meet and select a topic. Please give me your team's membership and proposed research project on or before February 18th. A brief written description of the research question will be sufficient (a few sentences) and I will get back to you if I

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have any questions. Please note: All research project papers are due on or before April 7. Instructions will be provided concerning delivery.

Research Team Presentations:

Starting on April 7, there will be brief (20-minute) presentations by each of the teams. It is up to your team to decide how it will make the presentation and you will be graded on it, again as a group. The presentations will take up about an hour of the class time for the last four sessions of the class. A list of the dates for presentations will be distributed after the teams have been formed and topics selected.

Note: Members of the class will be asked to provide me with a critique of the presentations according to instructions I will provide. Your critiques of all the presentations will be due the end of semester by April 30. These critiques may be emailed to me. They will count in your class participation grade.

Books & Materials

John Mikesell *Fiscal Administration* (5th or later edition) Harcourt Brace
Several website references as are noted in the following syllabus.
Handout Readings for PUBP 741 (to be distributed in class)

Quiz:

There will be a 60-minute quiz at the beginning of the March 3 class session. The quiz will consist of short essay answers and definitions.

Grading:

Weights for the course grade will be as follows:¹

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

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 Tuesdays and 4:30 to 6:30 PM on most Wednesdays. 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.

¹ 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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Course Schedule (Subject to Change):

- January 21: Introductions, scope and objectives of course.
Readings: Mikesell, "Introduction" and Chapter 1
- January 28: The Logic of the Budget and Basic Accounting Concepts:

Readings: Mikesell: Chapters 2 and 3
 Handout: Petersen: Accounting Concepts
- February 4: **PERSONAL PROFILE DUE**
Budget Concepts and Techniques. The budget and fiscal policy. Role of federal budget in the economy.

Readings: Mikesell: Chapter 4
 CBO website: July 24, 2003 Report on Long Term Federal Obligations
- February 11: **RESEARCH PROJECT TEAMS FORMED**
The Federal Budget and Financial Control Processes

Readings: To be announced
- February 18 **RESEARCH PROJECT TOPIC DUE**
Concepts of Income Taxation. Principal sources of revenues; the concept of taxes as benefits, tax expenditures and other subsidies; alternative revenue sources and user fees.

Readings: Mikesell: Chapter 6 and 7
- February 25: State and Local Government Taxes. Property, sales and other taxes

Readings : Mikesell: Chapters 8 and 9
- March 3: **MID-TERM QUIZ FOR FIRST HOUR OF CLASS**
User Charges, Fees, Enterprise Finance & Tax Administration, Privatization.

Readings: Mikesell: Chapter 10 and 11
Handout: LMI; "Public/Private Ventures"
- March 10: **NO CLASS ...Spring Break**

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March 17: Revenue Administration, Forecasting, and Intergovernmental Transfers:

Readings: Mikesell, Chapters 12 -13

March 24: Capital Budgeting and Debt Administration.

Readings: Mikesell: Chapter 5 and 14.

Handout: Petersen, “ Credit Ratings”

March 31: Cash Management, Investments and Public Employee Pensions.

Mikesell: Chapter 15

Handout: Petersen, "Managing and Investing Public Funds"

Petersen, “Public Pension Funds” (ICMA chapter)

April 7: **RESEARCH PROJECT PAPER DUE:**

Readings: Petersen “Value Capture Finance”

Presentations

April 14: Local Economies, Development, Fiscal Capacity and Fiscal Impacts.

Handouts: Petersen. “Value Capture Finance” (con’t)

Burchell & Listokin, "Fiscal Impact Procedures."

Presentations

April 21: Analyzing Fiscal and Financial Condition: Tying it all together

Handouts: DC Comparative State and Local Tax Burdens (2002)

(available on District of Columbia Finance, CFO website)

Presentations

April 28: Fiscal Crises and Reforms at the State and Local Level:

Handout: Tannenwald: “Are State and Local Revenue Systems Obsolete?”

Bowman, Tax Criteria: Appendix D, Commission on Virginia’s
State and Local Tax Structure

Presentations: Assessments of Presentations Due by April 30

May 5: **FINAL EXAM (Regular class time)**