Trachtenberg School of Public Policy and Public Administration  
PPPA 6005-10, CRN: 23074  
Public Budgeting, Revenue, and Expenditure Analysis  
Fall 2018  
Dr. Kate Yang

Time: Tuesday, 6:10 pm – 8:00 pm  
Location: Bell Hall 107  
Instructor: Kate Yang (langyang@gwu.edu)  
Office: Room 601G, Media and Public Affairs Building  
Office Hours: Make an appointment through https://langyang.youcanbook.me.

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.

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;
- 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, budget presentation, and daycare center budget project will be passed out when assigned.

- **Assignments**
  (6 assignments, 5 points each) 30 %
- **Quizzes, open book and notes**
  (2 in-class quizzes, about 15 minutes each) 10 %
- **Budget presentation**
  (Material preparation & in-class presentation) 15 %
- **Daycare Center budget:**
  (Excel spreadsheet and written memo) 10 %
- **Attendance & participation**
  (Instructor review of student participation) 5 %
- **Final exam**
  (Comprehensive, take-home) 30 %

Grading scale

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
D+  >66.50 up to and including 69.50
D   >63.50 up to and including 66.50
D-  ≥60 up to and including 63.50
F   <60
6. Class and University Policies and Resources

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. 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.

Computers may be used to take notes. Out of respect for others in class, please refrain from using your phone during class (i.e., no texting or social media viewing/updating).

Assignments are due on time for posted dates. Late work will be accepted up to *ONE WEEK* after the due date, but grading will be penalized for late submission. 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.

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.

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](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 many 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 [http://www.gwired.gwu.edu/dss](http://www.gwired.gwu.edu/dss).
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 | Fax: 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, quizzes that will occur on the class date, and finally, homework assignments due after the class date but (usually) before next class. With the exception of the daycare budget project and budget presentation, all assignments are due in one week by noon of the Tuesday following the assignment date.

**August 28, 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”)  
- CBO, Basic Federal Budgeting Terminology  

**Ungraded 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. I will post an “Essential Excel” spreadsheet module to Blackboard. Please submit your work and feedback on your familiarity with Excel on Blackboard by noon, September 4. Although this exercise is not graded, your submission counts towards attendance & participation.

**September 4, 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 known as “Congress.gov.” (Due by noon, September 11. Please save a Word file with your last name in the file title and upload to Blackboard.)

September 11, 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
• 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:
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 noon, September 18. Summarize your results on a Blackboard discussion forum.)

September 18, Class 4 — Budget Approval, Federal Debt and Deficit
The legislative control of the “power of the purse;” the federal budget process by law and in reality; federal effort in controlling debt and deficit.

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

Budget presentation (group formation):
You will be assigned a group. Later in the semester (around class 8), your group will start preparing 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. I encourage you to get to know your team members and start discussing about potential topics now.

September 25, Class 5 — CBO and the Baseline
Function of Congressional Budget Office (CBO) by guest lecturer Pete Fontaine; development of a baseline as a “bottom-up” exercise; the current federal budget outlook.

Reading:
- Congressional Budget Office, *An Update to the Budget and Economic Outlook, 2018 to 2028*
- OMB, *Analytical Perspectives*, skim the chapter on “Current Services Estimates”

Quiz 1:
Covering readings and concepts from the first four weeks.

Assignment 3:
Baseline projection of a mandatory spending program. *(Assignment due by noon, October 2. Upload an Excel spreadsheet titled your last name onto Blackboard)*.

October 2, 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

Assignment 4:
Baseline projection of a discretionary spending program. *(Assignment due by noon, October 9. Upload an Excel spreadsheet titled your last name onto Blackboard)*.

October 9 – Fall Break, no class

October 16, 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.


**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 noon, October 26. Upload the Excel spreadsheet and Word document titled your last name onto Blackboard.*)

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**October 23, 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

**Budget presentation (topic selection):**

You (your group) will prepare and present your research on an issue of interest regarding the budget of a state or foreign nation. 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 noon, October 26. In the uploaded document, write a short paragraph to describe the entity and the specific aspect of fiscal affairs you plan to study. I will provide feedback on your topic selection by October 28 and help you finalize the topic by October 30.

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**October 30, 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 2016, Summary State Expenditure Report.
- NASBO 2017, Summary Spring 2017 Fiscal Survey of States
- NASBO 2015, Budget Processes in the States. Skim the report.

**Budget presentation (slides preparation):**

You will prepare a presentation focusing on an issue of interest regarding the budget of a state or foreign nation. (*Due noon, November 9. 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.*)
November 6, Class 10 — Introduction to Government Revenue
Criteria for evaluating revenue options.

Reading:

November 13, Class 11 — Budget Presentation

Quiz 2:
Cover readings and concepts from week 5 to week 10.

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.

November 20, Class 12 — Personal Income and Payroll Tax
U.S. federal personal income tax; tax rates; deduction and credits; payroll tax.

Reading:
- Lee/Johnson/Joyce, Ch. 5
- Tax Foundation, 2013. Putting a Face on America’s Tax Returns: A Chart Book. (Skim the figures.)

Assignment 5:
Personal income tax calculation exercise. (Due noon, November 27. You will upload an Excel document titled your last name onto Blackboard.)

November 27, Class 13 — Property and Sales Taxes; Other Government Revenue
Choices and issues with consumption tax; why property tax is the least problematic local revenue source; user fees and charges & public monopoly revenue.

Reading:
- Lee/Johnson/Joyce, Ch. 6
- Perry Quick and Michael McKee, 1988. Sales Tax on Services: Revenue or Reform?
Assignment 6:

Property tax calculation exercise. *(Due noon, December 4. You will upload an Excel document titled your last name onto Blackboard.)*

December 4, Class 14 — Tax as a Policy Tool & Class Wrap-up

The use and problems of tax expenditure; class wrap-up and final review.

Reading:


December 10, Final

Questions for the take home final will be posted on Blackboard at noon on December 10. Final is due at noon on December 17. *You will upload a Word document and an Excel document titled your last name onto Blackboard.*