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.

This course will survey the broad areas of: (1) public budgeting, (2) governmental expenditure and 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 discuss fundamental concepts such as the development and use of a budget baseline and the need for unbiased cost estimates of the effects of policy options. In the context of the U.S. federal government, we’ll learn about the baseline as a neutral benchmark or starting point for the consideration of
policy alternatives. We will also cover the key phases of budgeting: from executive preparation of budget proposals to legislative consideration of those proposals to the eventual execution of budgets.

During the bulk of the course, we will review why governments tax and spend in the ways that they do. We will examine taxing and spending approaches in both the “ideal” theoretical framework and the real world—primarily as embodied in the federal government of the United States. We will, however, explore a variety of examples and the distinctions between budgeting for the federal government and budgeting at the state and local level.

Coursework will include several practical exercises of how to find, evaluate, and use data and other information in the development of budgetary analysis. That work will include opportunities to hone your skills in collecting budget-related data, critical thinking, analyzing data to determine logical and defensible cost estimates, presenting budget-related information, and drafting short memoranda on budget and finance issues.

2. Required Text

Lee, Robert D., Ronald Johnson, and Philip Joyce, Public Budgeting Systems, Jones and Bartlett Publishers (9th Edition)

In addition, other readings will be assigned. Some are listed in this syllabus; others may be added during the semester.
3. Student Learning Objectives

After completing this course, the student should understand:

- Principles of public budgeting: concepts, objectives, and processes;
- Budgetary accounting;
- Key steps of the federal budget process (from formulation of budget proposals through approval and execution of budget legislation);
- Vocabulary of public budgeting and finance; and
- Basic tools of tax analysis.

The student will also:

- Demonstrate or acquire a working competence with spreadsheet software for budgetary analysis;
- Learn how to read and interpret budget documents, budget-related legislation, and other written materials related to public expenditures and revenues;
- Conduct and communicate budgetary and financial analysis effectively, both orally and in writing, including strengthening the ability to convey complex ideas and arguments concisely through clear and succinct memoranda.

4. Grading: Your final grade will be the weighted sum of grades on:

Assignments
(Planned: 5 during the semester; in the form of research with short answers, Excel spreadsheets, short memoranda, or a combination): 20%

Quizzes
(probably 2 short quizzes at the beginning of a class, 1 in the first half of the semester, 1 in the second half): 10%
Class Participation,
including a short in-class presentation: 10 %
[Note: Students should read the assigned material PRIOR to each class and be ready to discuss it.]

Mid-term Exam
(In class, short-answer format): 20 %

Budget Projections Project
(With memo and tabular results): 15 %

Final exam
(Comprehensive, take-home, roughly 1 week to complete): 25 %

5. Class and University Policies and Resources

Class Policies: Attendance is required. Class time will be a key part of learning the budgeting materials covered by lecture slides and assigned readings. Class time will also include discussion of information and observations that are not provided directly by those readings.

Class participation will be part of grading and some of the material on the mid-term and final exams may not be completely covered in the readings; so, attending class will be a strong contributor to your success in this course.

Computers may be used in class to take notes but not for general web-surfing or other purposes. Out of respect for everyone else in class, please refrain from using your phone during class (i.e., no texting or social media viewing/updating).

Assignments are due on time. Late work will be accepted up to ONE WEEK after the due date, but grading will be penalized for submission after the original due date. 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.
**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 at any time during the course.

**Academic Honesty:** All examinations, papers, and other graded work products and assignments are to be completed in conformity with the GW Code of Academic Integrity. Its definition of plagiarism: “intentionally representing the words, ideas, or sequence of ideas of another as one’s own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information.” (See: [http://www.gwu.edu/~ntegrity/code.html](http://www.gwu.edu/~ntegrity/code.html))

**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.

**Accommodation for Students with Disabilities:** To receive accommodations on the basis of disability, a student must give notice and provide proper documentation to the Office of Disability Support Services, Marvin Center 436, 202-994-8250. Accommodations will be made based upon the recommendations of the DSS Office ([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
[http://counselingcenter.gwu.edu/access-counseling-services](http://counselingcenter.gwu.edu/access-counseling-services)
6. Tentative Class Schedule:

January 12/13: Week 1 — Introductions and Course Overview/Budgeting Context

Instructor and course intros, including a review of syllabus content and plans for the semester’s work.

An introduction: Budgeting in the context of the economic problem of scarcity. The role of markets vs. a brief overview of the role of government in resource allocation and assessment of revenues, including the concepts of public goods and externalities.

Lee/Johnson/Joyce, Chapter 1 — Introduction [Please try to read prior to class.]

January 19/20: Week 2 — Role & Size of Government/Budgeting Goals/Policy Tools

Review concepts of public goods and externalities. How big is government? What is the appropriate role for government in the economy? How do budgets help shape that role?

Lee/Johnson/Joyce, Chapter 2 — The Public Sector in Perspective

Lee/Johnson/Joyce, Chapter 3 — Government, the Economy, and Econ. Development

1967 Report of the President’s Commission on Budget Concepts (Read Chapter 1, pp. 1-10; skim Chapter 2 through p. 17; & read early part of Chapter 3, pp. 24-30 only). [Read and analyze the report online at the provided link.]

Watch Milton Friedman’s lecture on his famous paper titled “The Role of Government in a Free Society”: [Watch the video online at the provided link.]

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.” Assignment is due by 4pm, January 26/27. Please save a version of the assignment with your last name in the file title and email it.

Overview of the Executive branch timeline for submitting a budget proposal and the Congressional budget process. Key budget process legislation and recent history of attempts to reduce deficits.

Lee/Johnson/Joyce, Chapter 4 — Budget Cycles
Lee/Johnson/Joyce, Chapter 9 — Budget Approval: The Role of the Legislature
Lee/Johnson/Joyce, Chapter 10 — Budget Approval: The U.S. Congress


February 2/3: Week 4 — The Current U.S. Budget Outlook

Short Quiz to start class: Covering material from Weeks 1-3, including
Lee/Johnson/Joyce Chapters 1, 2, 3, 4, 9, 10

History of federal spending, revenues, deficits, and debt in the United States. What is the current outlook for those key budget aggregates under current policies?

Congressional Budget Office, The Budget and Economic Outlook, Fiscal Years 2016 to 2026 (Summary, Chapter 1, and selections from Chapters 2 and Chapter 3)


Assignment 2: Excel spreadsheet for a baseline projection of a mandatory spending program, with a policy option — Assignment is due by 4pm, February 9/10 (remember to include your name in the Excel filename).
February 9/10: Week 5 — Budgeting in the Executive Branch

Budget formulation through the agencies and the executive.

Lee/Johnson/Joyce, Chapter 7 — Budget Preparation: The Expenditure Side

Lee/Johnson/Joyce, Chapter 8 — Budget Preparation: The Decision Process

CBO Infographics with FY 2015 Budget Results (see Blackboard for pdf files)

Assignment 3: Excel spreadsheet for baseline projection of a discretionary spending program, with analysis of alternative funding proposals, including a short memo — Assignment due by 4pm, February 16/17 (email Word & Excel files).

February 16/17: Week 6 — Budget Execution

Moving from the request to approval and budget execution. Management, oversight, implementation issues. [Planned: guest speaker from OMB]

Lee/Johnson/Joyce, Chapter 11 — Budget Execution

Lee/Johnson/Joyce, Chapter 12 — Financial Management: Accounting, Reporting, and Auditing

Excerpts from the President’s Budget for Fiscal Year 2017: (to be determined)

February 23/24: Week 7 — Budgeting for Long-Lived Assets

Budgeting for credit activities, capital assets, government-sponsored enterprises, public-private partnerships. Including the concepts of capital budgeting, capital leases, third-party financing of governmental activities. [Potential guest speaker]

Lee/Johnson/Joyce, Chapter 13 — Capital Assets: Planning and Budgeting, Analysis, and Management

March 1/2: Week 8 — 1-Hour Mid-term Exam (in class).

Following the mid-term: Brief introduction of intergovernmental budget issues and planning for the state budget presentations next week. [No additional readings for this week: review class slides, your notes, and prior readings to prepare for the mid-term.]

March 8/9: Week 9 — State Budget Presentations

Brief in-class presentations by students on the budget outlook for a selected state. (Alternative: Present on the budget outlook for a foreign country if preferred.)

For some background, skim (don’t try to read the whole thing!):

National Association of State Budget Offices, “Budget Processes in the States”
(You might find some useful information/context about your chosen state there.)

Also, watch Parts 1 and 4 of NASBO State Budget Basic Videos:
http://www.nasbo.org/state-budget-basics-videos

March 14-18: Week 10 — Spring Break


Lee/Johnson/Joyce, Chapter 5 — Budgeting for Revenues: Income Taxes, Payroll Taxes, and Property Taxes (only pp. 133-151)

CBO, Budget and Economic Outlook, Chapter 4: Revenues (link to be provided)
CBO, The Distribution of Household Income and Federal Taxes, 2011:
https://www.cbo.gov/publication/49440 (Read pages 1-12, and skim later sections)

Assignment 4 on completing federal income taxes and computing average and effective tax rates (using Excel) — Assignment due by 4pm, March 29/30.

[also: Complete in-class presentations this week if not done before spring break]
March 29/30: Week 12 — Property and Sales Taxes; Tax Expenditures

Lee/Johnson/Joyce, Chapter 5 (pp. 152-161)
Lee/Johnson/Joyce, Chapter 6 — Budgeting for Revenues: Transaction-Based Revenue Sources (pp. 165-171)

Watch Part 3 (Revenues) of **NASBO State Budget Basic Videos**: http://www.nasbo.org/state-budget-basics-videos

(click on and read the short entries for just the first 6 links: 3 under the heading “State and Local Revenues” and 3 under “Specific State and Local Taxes”)

(Review the first summary table: Local Property Tax Revenue by State – 2013; note the variation of per capita tax amounts across states: which states are highest?/lowest?)


CBO: Tax expenditures section of *Budget and Economic Outlook* (link later)

Donald Marron, “*Spending in Disguise*”: http://www.urban.org/research/publication/spending-disguise/view/full_report

**Assignment #5 on Property and Sales Taxes and equity (due April 5/6)**

*Also to be provided on March 29/30 --- Budget Projection Project Assignment: Project Report due by 4pm, April 19/20.* You will have three weeks to prepare a budget in spreadsheet form for a hypothetical nonprofit organization and an accompanying memo (not to exceed 2 pages) highlighting the expected budget figures for the project.
April 5/6: Week 13 — Preparing Cost Estimates of Policy Options; Wrap-up on Revenues (Sumptuary Excises and Gambling Revenues)

Planned guest speakers: CBO Analysts (presenting case studies of CBO cost estimates)

Lee/Johnson/Joyce, Chapter 6 (pp. 171-181)

Donald Marron, “Should Governments Tax Products That Are Fun But Harmful?”

April 12/13: Week 14 — Fiscal Federalism and Intergovernmental Relations

Short Quiz to start class: Revenues.

Followed by: Federal-state budget interactions, concept of intergovernmental mandates, and the “state of state budgets.”

[Potential guest speaker]

Lee/Johnson/Joyce: Chapter 14, Capital Finance and Debt Management (pp. 489-516)

Lee/Johnson/Joyce: Chapter 15, Intergovernmental Relations

Re-watch Part 1 and Watch Part 2 of NASBO State Budget Basic Videos:
http://www.nasbo.org/state-budget-basics-videos

April 19/20: Week 15 — Last Class: Pulling it All Together

Review of key principles and topics; issues in making aggregate budget choices for the near term and the long term.

Update on the Congressional Budget Resolution; Highlights of the President’s Budget and its prognosis for Congressional consideration; shifting focus from near-term issues to long-term sustainability of the budget.
**Reading for April 19/20:**

[https://www.cbo.gov/publication/51011](https://www.cbo.gov/publication/51011)  
(Read Summary and skim options)

CBO Analysis of the President’s Budget (link provided later)

Peter G. Peterson Foundation, *Selected Charts on the Long-Term Fiscal Challenges of the United States*, December 2015  

**Reminder:** *Budget Projection report is due by 4pm on April 19/20.*

**April 26:** Designated Make-up Day (if we have a cancellation during the semester)

**Week of May 2:** Final Exam (take-home) due (final date to be determined)

**NOTE:** There will probably be some additional readings added to the above list for some weeks. When new readings are added or other changes made to the above outline, this syllabus will be updated on Blackboard. Therefore, it would be good to check occasionally to see if there are any changes for the upcoming week.