1 Course Description

Funding for public programs is inseparable from the operation of those programs. All public managers, therefore, find themselves needing knowledge and skills in the principles of public finance and budgeting. Whether you are an official who is immersed in public budgeting on a day-to-day basis, or you are one who must make policy based on the relationship between dollars and program goals and objectives, an understanding of these concepts is vital to both your personal success and the success of your organization.

This course starts by giving students an understanding behind the budget and tax policy – why do we tax and spend on the programs and in the ways that we do? We examine these questions both theoretically, considering the process in ideal terms, and realistically, explaining why choices get made in the way they do, generally deviating from rational. We will also examine the government institutions of budgeting and taxation. Finally, we will look at how program funding intersects with program operations, looking at performance measurement and program evaluation. We will incorporate practical exercises to develop the skills so students can implement these concepts.

2 Required Text

Lee, Robert D., Ronald Johnson, and Philip Joyce, Public Budgeting Systems, Jones and Bartlett Pub.

In addition, a substantial number of readings will be posted on Blackboard.

3 Student Learning Objectives
This course will survey the three broad areas of budgeting, public expenditure and management, and revenue analysis in the public sector. At the conclusion of the course, students should:

1) Conduct and interpret elementary spreadsheet analyses (Excel)

2) Analyze how to read budgets for public & nonprofit organizations

3) Understand concepts and tools for analysis of the effects of spending and tax policies on revenue

4) Survey the Federal budget process, including appreciating the roles of budget institutions, the players involved, and the politics of budgeting

5) Develop a budget for an organization and analyze spending options

6) Evaluate the costs of and benefits of government programs using different analytical approaches, including an introduction to baseline budgeting, performance budgeting, and cost-benefit analysis

7) Examine the implications of the alternatives in the current budget debate, assessing the claims of different commentators and politicians

8) Prepare memos and offer briefings on budget and policy issues.

4 Grading

Grades will be based on the following components:

- Participation/ Reading/Weekly Questions (10%) Readings are assigned for most class meetings. You should do the readings before each class and participate actively during the lecture in order to get the most of the class. We will also try to be attentive to on-going budget debate questions in the news. Students should be prepared to participate in any in-class activities.

Each student is responsible for preparing discussion questions related to each week's readings. Questions might consider the implications of the readings or general issues that emerge from the readings which are interesting or important. You can also ask questions about issues that appear in the readings which are not clear to you. The midterm and Final will include questions from these submissions. We will find time at the end of class to discuss select questions for that week. We will select questions for discussion based on voting by class members. Students should each bring in their questions on a separate piece of paper each week. I will randomly select 3 questions. The students in question would read their questions and we will vote on two of the three questions for the groups to discuss.

- Homework (15%): Students are responsible submitting the take home assignments, including:
These assignments are not graded, but one must adequately complete the assignments for the grade. The final will include questions based on these assignments.

- Class Presentation on Reading or Debate including 1-page summary (5%). Once in the semester each student must also prepare a short summary of a reading (sign up sheet to choose readings) and present the information to class (5 minutes). The 1-pager will be handed out to the class and, with the presentation should be useful as a brief study guide. Presentations should include a question for the class for discussion. Some students can instead sign up to participate in short debates. Students participating in debates (instead of commenting on readings) will also need to prepare one-pagers of the arguments in their debate. These one-pages should summarize the arguments --- supported by material in the readings.

- Midterm (20%). On-line midterm exam. Students will have a fixed time period to do the exam in over the course of a several day period

- Final Exam (25%). The Final exam will be a take-home final. The exam will cover the concepts presented in the class readings, lecture, in-class exercises, and take-home assignment concepts. It will include material that is more quantitative, and less suited for in-class work. The exam will be cumulative, but emphasize the second half slightly more.

- Day Care Budget assignment (12.5%).

- Group Exercise on Agency Budget (12.5%). See handout.

5 Class and University Policies and Resources

CLASS POLICIES: Attendance is required.

Computers may be used in class to take notes but not for other purposes. If you are planning to use a computer during class, you will need to participate more extensively so as to demonstrate that you are not being distracted by the potential presence of the internet. Your participation grade will be reduced if you use a computer during class and do not actively participate.

Late work will it be accepted, but it will be penalized
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.

Please note that this syllabus is intended as a guide to the course for the student. Sound educational practice requires flexibility and the instructor may, with appropriate notice, change content and requirements at any time during the course.

ACADEMIC INTEGRITY: “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.”

SUPPORT FOR STUDENTS OUTSIDE THE CLASSROOM

DISABILITY SUPPORT SERVICES (DSS)
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Marvin Center, Suite 242, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: http://gwired.gwu.edu/dss/

UNIVERSITY COUNSELING CENTER (UCC) 202-994-5300
The University Counseling Center (UCC) offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include:
- crisis and emergency mental health consultations
- confidential assessment, counseling services (individual and small group), and referrals
http://gwired.gwu.edu/counsel/CounselingServices/AcademicSupportServices

If you are having trouble with the class don't do anything desperate or dishonest -- come see me.

Please note that this syllabus is intended as a guide to the course for the student. Sound educational practice requires flexibility and the instructor may, with appropriate notice, change content and requirements at any time during the semester.

PPPA 6005 CLASS SCHEDULE

Week 1: Course Overview -- Descriptive analysis (January 13)
Composition of federal spending

Week 2: Purpose of government spending; Budgeting Goals (January 20)
Public goods, externalities, income transfers, etc. associated with the appropriate role for government in the economy. How are these accomplished in a budget?
[State of the Union address]

Week 3: Budget concepts. Budget baselines and cost analysis. (January 27)
[Day care assignment handed out]
[Lab on Excel]

Week 4: Intergovernmental Fiscal Relations and Grants (February 3)
Fiscal federalism and inter-governmental spending decisions and impacts.
Week 5: Executive Branch Budget Process (February 10)
Analysis of the Executive budget process and interactions with Congress. Understanding agency interests.

Week 6: Congressional Budget Process. (February 17)
Congressional budget process. History of efforts at achieving aggregate controls.

Day care assignment due
Study guide available

Week 7: Aggregate Spending Controls and Cost Estimates of Legislation. (February 24)
Readings on controlling aggregate spending – rules
CBO Analysts Visit
[Homework on CBO case study]
Study guide questions respond

[MIDTERM 1: Budget formulation – test available over the weekend]

Week 8: Cost Benefit and Capital Budgeting. (March 3)
Techniques in budgeting, including capital budgeting, as well as bonds.

Week 9: Spring Break (March 9--13)

Week 10: Accounting, credit reform, and long term budgeting (March 17)
Accounting and financial reporting; accrual vs cash accounting, credit reform, and long-term implications, as well as auditing and fund control.

Presentation on agency
Homework on cost-benefit due

Week 11: Performance Management and Program Implementation (March 24)
Program implementation -- Incorporating performance measurement and management; budget system reforms (performance oriented) history.

Presentation on agency
Homework on accrual due

Week 12: Revenue—Evaluation Criteria, Scoring, and Income Taxes (March 31)
Establishing standards for making choices in taxation. Covers the criteria for assessing the trade-offs for different taxes.

Presentation on agency

Week 13: Income, Property, and Sales Taxes, and User Fees (April 7)
Applying evaluation standards to different kinds of taxes. Finish income tax discussion, covers property taxes and user fees.
Income tax homework due
Presentation on agency

Week 14: Taxes as instruments of public policy -- Tax Expenditures (April 14)
Taxation where the purpose of the taxes is not to raise revenue but to influence behavior. Tax expenditures.
Presentation on agency

Week 15: Aggregate Budget Choices (April 21)
Deficit reduction: its importance and politics, covering both revenue and spending choices. Looking ahead to the future.
(Budget simulation on-line exercise and discussion: Hand in results)

Course Outline and Reading List

Week 1: Course Overview -- Descriptive analysis
Reading:
  o Lee, Johnson and Joyce,  Version 8 -- Chapter 2 (pp. 31-49) and Chapter 3 (53—66)
     Version 9 -- Chapter 2: (pp 25-43 and Chapter 4: (117-131)

Week 2: Purpose in governmental budgeting [64]
Reading:
  o Lee, Johnson and Joyce, Version 8 -- Chapter 1. (pp. 1-24) & Version 9 (pp 1-21)

Recommended

Budget Preparation and Approval

Week 3: Budget Concepts: Baselines, Cost Analysis, and Scorekeeping


Congressional Budget Office, *The Budget and Economic Outlook: 2015-2025* -- skim

**Week 4: States and Intergovernmental Relations** [58]

- Lee, Johnson and Joyce, Version 8 --Chapter 14 (575-622) intergovernmental
  Version 9 – CH 15 (pp. 543-593)


**Recommended:**


**Week 5: The Chief Executive’s Budget and the Politics of the Budget Process** [60]

**Reading:**

- Lee, Johnson and Joyce, Version 8 --CH 7 (pp. 203 —237)


President’s Budget -- Fiscal Year 2016 Budget -- skim

Recommended:


Lee, Johnson and Joyce, Version 8 - Ch 6 (pp. 133-175)/version 9 - CH 7 (187-224)

President’s Budget -- Excerpts Fiscal Year 2016 Budget

**Week 6: The U.S. Congress Budget Process [73]**

Reading:

Lee, Johnson and Joyce, Version 8 -- Ch 9 (pp. 279-316); Version 9 – Ch 10 (303-335)


Joyce, Philip G Joyce (2011) *The Congressional Budget Office: Honest Numbers, Power, and Policymaking* Pg. 93-121. [http://muse.jhu.edu/books/9781589017580](http://muse.jhu.edu/books/9781589017580)


Recommended:


o Lee, Johnson and Joyce, Version 8 -- Chapter 8 (pp. 245-272) Version 9 – Ch 9 (pp273-298)


**Week 7: Budget Rules, Costing Legislation and Aggregate Spending Controls** [41]


**Recommended:**


**Week 8: Capital Budgeting, Bonds [81]**

**Reading:**

- Lee, Johnson and Joyce, 
  Version 8 --Chapter 12 (pp. 473-513) – capital assets; Chapter 13 (pp. 519-535) – bonds 


**Recommended:**


- Lee, Johnson and Joyce, Chapter 10 (pp. 357-370)

**Week 9: Budget Execution and Accounting [85]**

**Reading:**

- Lee, Johnson and Joyce, 8th Edition ---Chapter 11 (pp 409-463) or in the 9th edition: CH 12 (pp. 397-443)


Stanton, Tom. “Primer on Credit Reform” p 1–6 http://www.coffi.org/pubs/Primer%20on%20Credit%20Reform%20by%20Stanton.pdf


Recommended:

Anthony, Robert, and David Young, Chapter 4, “Cost Accounting” of Management Control in Nonprofit Organizations (Irwin, 1984).


Lee, Johnson and Joyce, 8th Edition -- Chapter 10 (pp. 370-389) or in the 9th edition: CH 11 (pp. 368-384). [Procurement];


Mikesell, John L. 2007 Fiscal Administration: Analysis and Applications for the Public Sector. Pgs 161 - 170 (Chapter 4);

Assorted documents from a budget NGO: The International Budget Partnership (http://www.internationalbudget.org/): “Social Audits In Kenya: Budget Transparency and Accountability,” “Resource Dependence and Budget Transparency,” “Access to Budget Information Empowers Citizens in India,” “Key Findings and

- World Bank article on the importance of fund transparency

Case studies [http://internationalbudget.org/who-does-budget-work/case-studies/by-topic/]

- Lee, Johnson and Joyce, 8th ed., Ch 13 (pp. 558-566); 9th ed. -- Ch 14 (pp. 526-536)

**Week 10: Performance Measurement, Management, Performance Budgeting [90]**

**Reading:**


- Smith, Dennis (2009), “Making Management Count: A Case for Theory- And Evidence-Based Public Management”


**Recommended**


Lee, Johnson and Joyce, 8th edition - Ch 6 (pp. 133-175) 9th edition Ch 7 – (pp201-219)


http://online.wsj.com/article/SB10001424052748703440604575496400167957026.html


**Week 11: Revenue—Evaluation Criteria, and Income Taxes** [64]

Reading:
- Lee, Johnson and Joyce, 8th ed - Chapter 4 (pp. 69-89) or 9th ed. Ch 5 (pp. 133-152)
- President’s Advisory Panel on Federal Tax Reform, Nov. 2005. Simple, Fair, and Pro-Growth, Ch. 3, Tax Basics (pp. 19-40)

Recommended:
- CBO Report on average effective taxes. 1-22
- Lee, Johnson and Joyce, Chapter 10 (pp.347-356)

**Week 12: Income Taxes (continued), Property Taxes, Sales Taxes, User Fees.** [72]
Lee, Johnson and Joyce, 8th ed -- Chapter 4 (pp. 89-104), Chapter 5 (pp. 105-127). 9th ed – Ch 5 (pp. 152-161), Ch 6 (pp. 165 -182)


Recommended:


Week 13: Taxes as instruments of public policy (tax expenditures) [75]


Public Opinion about Tax Expenditures vs. Government “Grants”
http://prospect.org/article/public-opinion-about-tax-expenditures-vs-government-%E2%80%9Cgrants%E2%80%9D


http://www.nationalaffairs.com/publications/detail/spending-in-disguise

Recommended:


Week 14: Aggregate Spending; Summing Up


Recommended:


- Report of the National Commission on Fiscal Responsibility and Reform (Simpson-Bowles) Moment of Truth. (Skim; don’t read).


  *RealClearPolitics*. March 1, 2013

Simulation exercise -- look for the link in the middle of the page:
[http://www.fixthedebt.org/blog/build-your-own-budget_1](http://www.fixthedebt.org/blog/build-your-own-budget_1)

**Deficit Reduction Plan Comparison Tool**

- [http://crfb.org/stabilizethedebt/](http://crfb.org/stabilizethedebt/)
- [http://budgetreform.org/stabilizethedebt/](http://budgetreform.org/stabilizethedebt/)

**Aggregate Budget Simulators**


- Other National Budget Simulations
  - [http://federal.budgetchallenge.org/pages/overview](http://federal.budgetchallenge.org/pages/overview)
  - [http://www.budgetsimulator.com/info](http://www.budgetsimulator.com/info)

Here's a different one that is taxes only:

**Federal Deficit Reduction Plan Comparison Tool**

To address the rising U.S. national debt, many fiscal plans have emerged which share common ideas, but many differ in important aspects. You can compare all the existing plans by category and even compare up to three plans side-by-side.

[http://crfb.org/compare/?utm_source=Copy+of+Bottom+Line%3A+December+20%2C+2013&utm_campaign=Fix+the+Debt&utm_medium=email](http://crfb.org/compare/?utm_source=Copy+of+Bottom+Line%3A+December+20%2C+2013&utm_campaign=Fix+the+Debt&utm_medium=email)

**CRFB Resources**

- 10 Common Themes in Deficit Reduction Plans
- Analyzing the President's New Budget Framework
- Fix the Budget Yourself: Stabilize the Debt Simulator
Take home Final Examination