Trachtenberg School of Public Policy and Public Administration

Syllabus: Public Budgeting, Revenue, and Expenditure Analysis

PPPA 6005, CRN: 83309, Fall 2017

Time: Wednesday 6:10 – 8:00 PM

Location: Tompkins Hall, Room 302

Instructor: Pete Fontaine (petefontaine@gwu.edu)

Cell Phone: 703-946-9937 (text me anytime)

Office Hours: By appointment; also available before and after weekly classes

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 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 semester, we will review why governments tax and spend in the ways that they do, including examining taxing and spending approaches in both a theoretical framework and the real world—with a focus on 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 budget-related research, 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). Several additional readings are listed in this syllabus (with hypertext links); 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; and
• Conduct and communicate budgetary and financial analysis effectively, including strengthening the ability to convey complex ideas and arguments concisely through clear and succinct memoranda.

• 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, plus 5 hours or more for the final exam. Over the course of the semester, students will spend 28 hours in instructional time and about 85 hours preparing for classes, including completion of several assignments and projects outside of class. In total, students should expect to complete between 115 and 120 hours of work over the course of the semester. [Per University Policy, students are expected to spend a minimum of 100 minutes of out-of-class work for every 50 minutes in class, for a minimum total of 2.5 hours a week.]

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

Assignments (excluding presentation and daycare project)
(Planned: 6 during the semester, 5 points each: for research, Excel spreadsheets, short memoranda, or a combination): 30 %

Quizzes: September 20 and April 19 (in class, ~15 minutes) 10 %

“Virtual” presentation assignment 8 %

Complete online “Learning Activities” (mostly Discussion Forum Questions – Not graded, but completion is worth 2 points) 2 %

Mid-term Exam (October 18)
(In class, 1 hour or less, short-answer format): 15%
Daycare Center Budget Projections Project  
(With memo and tabular results): 10%

Final exam (due December 15)  
(Comprehensive, take-home, roughly 1 week to complete) 25%

6. 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 in those readings. As a result, attending class will be a strong contributor to your success in this course.

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 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.

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 remainder of the Academic Integrity Code, see: http://studentconduct.gwu.edu/code-academic-integrity

Students are welcome to consult with each other on homework assignments, but 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 may 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.

**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
7. Tentative Class Schedule:

August 30: Week 1 — Course Overview/Budgeting Context, Government’s Role, and the Size of Government

Course intro and overview, including a review of syllabus content and semester plans.

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. Finally, we’ll take a quick look at the size of government in comparison to the size of the economy.

Lee/Johnson/Joyce, Chapter 1 — Introduction <= Please try to read prior to 1st Class (and if you can, read some or all of Chapter 2 prior to this class)

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 Wednesday, 5pm, September 6. Please save a Word file with your last name in the file title and upload to Blackboard.

*1. Also: Respond to the Blackboard Discussion question on Public Goods and Scarcity.

September 6: Week 2 — Budgeting Goals/Policy Tools/Budget Cycles

What is the appropriate role for government in the economy? How do budgets help shape that role? And what is the typical or idealized “budget cycle”?

Lee/Johnson/Joyce, Chapter 2 — The Public Sector in Perspective
Lee/Johnson/Joyce, Chapter 3 (to p. 94) — Govt., the Economy, Econ. Development
Lee/Johnson/Joyce, Chapter 4 — Budget Cycles
September 13: Week 3 — Budget Concepts and the Outlook: Baselines, Cost Estimates, Intro to Congressional Budget Process (Role of the Legislature)

Overview of the Executive branch timeline for submitting a budget proposal and the Congressional budget process in “normal years” versus the current year. Key budget laws and recent history, and a brief introduction to the current federal budget outlook.

Lee/Johnson/Joyce, Chapter 9 (to p. 293)— Budget Approval: The Role of the Legislature

Lee/Johnson/Joyce, Chapter 10 — Budget Approval: The U.S. Congress


1967 Report of the President’s Commission on Budget Concepts (But read only pp. 1-6, pp. 11-13, & pp. 24-25, up to “Trust funds” on p. 25; to read, use “page flip view”): http://cdm16021.contentdm.oclc.org/cdm/ref/collection/p16021coll5/id/30

Assignment 2: Excel spreadsheet for a baseline projection of a mandatory spending program, with a policy option — Assignment is due by Wednesday, 5pm, Sept. 20 (remember to include your name in the Excel filename).

Excel Lab #1: Sept. 13, 8-9pm, GOV 103 (G & 21st Streets)

*2. Also: Respond to Blackboard Discussion question on baselines.

September 20: Week 4 — More on Budget Process & 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, & other readings above.

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, An Update to the Budget and Economic Outlook, 2017 to 2027 (June 2017) https://www.cbo.gov/publication/52801
Read the report, including careful review of all Figures and of Tables 1-5.
*3. Also: Navigate through the “Fiscal Ship Game” and upload summary of your results to Blackboard (see BB Discussion Forum for instructions.)

September 27: Week 5 — Constructing a Baseline & Intro to Budgeting in the Executive Branch

Developing a baseline as a “bottom-up” exercise; followed by an intro to 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
OMB Circular A-11: skim the table of contents, read p. 1-5 of section 51 (p.125 of pdf)

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 5pm, October 4 (complete Word & Excel files).
2nd Excel Lab: Sept. 27, 8-9pm, GOV 103

October 4: Week 6 — Budget Preparation and Budget Approval

Guest speaker from OMB (Art Stigile) on budget concepts and scorekeeping;
More details on budget preparation and approval; brief intro to budget execution.

Lee/Johnson/Joyce, Chapter 11 — Budget Execution (“skim” Cash Mgmt. section)
Lee/Johnson/Joyce, Chapter 12 — Financial Management (just “skim” pages 397-425)

OMB Circular A-11, Section 120; just pages 369-377 of the pdf:

October 11: Week 7 — Mid-term Exam; followed by More Detail on Budget Execution

Moving to budget execution, including management and implementation issues; budgeting for long-lived assets, credit activities, capital assets, etc.

Lee/Johnson/Joyce, Chapter 13 — Capital Assets (p. 451-468 only); review Ch. 11 & 12
OMB, Analytical Perspectives, Federal Investment (Section 18, just 6 pages incl. tables):
Brookings/Hutchins Center primer on Public Investment:
https://www.brookings.edu/blog/up-front/2017/01/03/the-hutchins-center-explains-public-investment/
Assignment #4: Excel spreadsheet and problem evaluation for a federal loan program. Assignment due by 5pm, October 18.

3rd Excel Lab: Oct. 11, 8-9pm, GOV 103

*4. Also: Respond to Blackboard Discussion question on federal loans.

October 18: Week 8 — Analytical Tools for Budget Execution; followed by an Introduction to Federal/State Budgeting

Watch Parts 1 and 4 of NASBO State Budget Basic Videos: http://www.nasbo.org/resources/budget-basics-videos
Brief introduction of state budget issues and planning for state budget presentations, which are due by 10am, Saturday, October 28. For some background to help you prepare your presentations, skim these National Association of State Budget Offices (NASBO) links:

http://www.nasbo.org/reports-data/budget-processes-in-the-states
http://www.nasbo.org/reports-data/fiscal-survey-of-states
http://www.nasbo.org/reports-data/state-expenditure-report

October 25: Week 9 — Audit/Evaluation; Federalism and Intergovernmental Relations

Guest Speaker: Jason Juffras on auditing/evaluation. More on the state budgets.

Lee/Johnson/Joyce: Chapter 14, Capital Finance and Debt Management (pp. 489-506)
Lee/Johnson/Joyce: Chapter 15, Intergovernmental Relations (pp. 543-599)
Watch Part 2 of NASBO State Budget Basic Videos: http://www.nasbo.org/resources/budget-basics-videos

*5. Also: Respond to Blackboard discussion question on state vs. federal budgets.

To be provided this week: DayCare Budget Project assignment.
Project completion will be in TWO parts: (1) a “baseline” projection in Excel is due by 9pm, Thursday, November 2; (2) analysis of alternate scenarios and a memo is due by 5pm, Wednesday, November 8.
In total, you will have two weeks to prepare a budget and alternative scenarios in spreadsheet form for a hypothetical nonprofit organization working with a local government, and an accompanying memo (not to exceed 2 pages + summary table) highlighting the budget figures for the project, along with your recommendations.

**4th (and final) Excel Lab: Oct. 25, 8-9pm, GOV 103**

**November 1: Week 10 — CBO cost estimate example; Congressional Budget Process**

**Guest Speaker from CBO presenting a cost estimate for legislation.**

Discussion of the current situation regarding the Budget Resolution, Budget Reconciliation, and potential budget process reform in the Congress.

**CBO: Frequently Asked Questions about Cost Estimates**  
https://www.cbo.gov/about/products/ce-faq

Committee for a Responsible Federal Budget short piece on “Reconciliation”  
http://www.crfb.org/papers/reconciliation-101

**SBC Chairman Enzi’s Budget Process Reform Proposals:**  
https://www.budget.senate.gov/imo/media/doc/FINAL.SBC.BPR.Leg.SUMMARY.pdf

(Former) HBC Chairman Price’s Budget Process Reform Proposals:  
https://static1.squarespace.com/static/5445c4efe4b066b22fcf7611/t/584194b0f7e0ab4b3cc1914c/1480692913321/bpr-shortsummary-30nov2016.pdf

**November 8: Week 11 — Revenues—Evaluation Criteria, Estimation Issues, and an Introduction to Income Taxes**

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 1 section on Revenues  
(bottom of page 19 through most of page 23, plus Figure 1-4 on page 24)  
https://www.cbo.gov/publication/52370


https://www.cbo.gov/publication/51361 (Read pages 1-13, and skim later sections)
Assignment 5 on completing federal income taxes and computing average and effective tax rates (using Excel) — due by 5pm, Wednesday, Nov. 15.

[no Excel lab, but see example posted on Blackboard]

November 15: Week 12; Class #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/resources/budget-basics-videos

Tax Policy Center, Briefing Book on State and Local Tax Policy:
(Read the 2 one-page entries: first one on “What are the sources of revenues for states?” and second one on sources of revenues for local governments.)

Lincoln Institute of Land Policy – Data on Property Taxes:
http://www.lincolninst.edu/subcenters/significant-features-property-tax/census/
(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 2016 Budget and Economic Outlook;
Bottom of page 101 through page 105 in the Print-version of:
https://www.cbo.gov/publication/51129

Assignment #6 on Property and Sales Taxes and equity, due 9pm Tuesday, Nov. 21 --- Please complete this last assignment BEFORE the Thanksgiving Break.

November 22: Thanksgiving Break – no class
November 29: Class #13 — Wrap-up on Revenues (Sumptuary Excises and Gambling); so-called “dynamic estimates”; revenues summary

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

Donald Marron, “Should Governments Tax Products That Are Fun But Harmful?”
http://dmarron.com/2015/11/10/should-governments-tax-products-that-are-fun-but-harmful/

Donald Marron, “Britain Builds a Better Soda Tax” (March 2016)
https://dmarron.com/2016/03/22/britain-builds-a-better-soda-tax/

December 6 — Last Class (#14): Short Quiz on Revenues to start class; Followed by a look at the Long-Term Fiscal Challenge & Course Wrap-Up

A review of key principles and topics; issues in making aggregate budget choices for the near term and the long term, with a shift in focus from near-term issues to long-term sustainability of the budget. Finally: A quick review of the key course material covered.

Reading for December 6:

CBO, The 2017 Long-Term Budget Outlook
(read Summary and pages 1-17; skim pages 18-28)

Peter G. Peterson Foundation, Selected Charts on the Long-Term Fiscal Challenges of the United States (focus on charts 1-25; there are 30 in total)

Revisit the Brookings Institution Fiscal Ship game and take another spin at stabilizing the debt in 25 years: https://fiscalship.org/  <=We will discuss in class on Dec. 6.

Additional readings possible (to be determined and provided later).

Final Exam (take-home) due by 11pm on Friday, December 15.