



THE OHIO STATE UNIVERSITY
JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

State and Local Government Finance

PUB AFRS 4310/ECON 4310

Wednesday/Friday 12:45 – 2:05 p.m.
Page Hall, Room 060

Credit Hours: 3

Instructor: Kim Young
Office: Page Hall 350G
Email: young.1807@osu.edu
Office Hours: Mondays 10:30 a.m. - 12:00 p.m., or by appointment

Teaching Assistant: Jin Hong Kim
Office: Page Hall, Room 240A
Email: kim.5107@osu.edu
Office Hours: Wednesdays 10:00 a.m. – 12:00 p.m., or by appointment

COURSE OVERVIEW

This course provides students substantive knowledge about the financing of public services by state and local governments, as well as the fiscal relationship between state and local governments and the federal government. Students will also develop their ability to apply the techniques of economic analysis to policy issues in state and local finance.

STUDENT LEARNING GOALS AND OBJECTIVES

Upon completion of this course, students will:

1. Develop a better understanding of state and local government finance in the United States, including revenues and expenditures;
2. Understand the relationship between state and local government finance and the U.S. federal government;
3. Apply techniques of economic analysis to policy issues in state and local finance; and
4. Further develop their oral and written communication skills through classroom discussion and written assignments.

COURSE DESCRIPTION

Students of the American public sector must be able to answer two basic questions: where the money comes from to pay for public services, and how best to decide where to allocate that money. Most students of American public finance have a basic answer to these two questions at the federal, or macro, level, but fail to understand the complex relationship between the federal

government and the states and localities. While the federal government plays a central, if not exclusive, role in services like national defense; other important services are largely funded and provided by the states and localities (e.g. public education) or a shared responsibility between the federal government and the states and localities (e.g. public health care and other social insurance programs). In practice, students interested in becoming effective public managers or policy analysts must have a basic understanding of the fiscal system for states and localities, as well as the federal intergovernmental financial system.

This class is divided into three parts. The first part focuses on basic state and local finance issues, such as fiscal federalism and fiscal capacity. The second part examines sources of state and local government revenue, with a particular focus on property taxes, the major funding source for most localities. The third part examines major state and local service expenditures, such as education, welfare and health care.

This course is cross-listed by the John Glenn College of Public Affairs and the Department of Economics.

PREREQUISITES

Students are expected to have completed Econ 2001, *Principle of Microeconomics*, or a similar microeconomics course.

REQUIRED TEXT AND READINGS

There is one required text for the course:

Fisher, Ronald C., *State and Local Public Finance*, 3rd ed. Thompson South-Western 2007 (available at Amazon.com or as a course reader through the University UniPrint Service)

The text is supplemented by a few readings that are all available on the Carmen website.

Students can access textbook information via the Barnes & Noble bookstore website: www.shopOhioState.com as well as from their BuckeyeLink Student Center. This information is disseminated by B&N to all area bookstores. You may buy from a store of your choice and/or shop for books (always use ISBN# for searches) on line.

State and local public finance issues are consistently in the news and we will be using current events as a method for learning and applying the concepts discussed in this course. Therefore, students are strongly encouraged to read *The New York Times*, *The Washington Post*, *The Wall Street Journal*, *The Columbus Dispatch* or similar newspapers.

ACADEMIC INTEGRITY/ ACADEMIC MISCONDUCT POLICY

From: <http://oaa.osu.edu/coamfaqs.html#academicmisconductstatement>

The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's [*Code of Student Conduct*](#), and that all students will complete all academic and scholarly assignments with fairness and honesty.

Failure to follow the rules and guidelines established in the University's *Code of Student Conduct* may constitute "Academic Misconduct." Sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

In the Ohio State University's [*Code of Student Conduct*](#), Section 3335-23-04 defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's [*Code of Student Conduct*](#) is never considered an "excuse" for academic misconduct.

Other sources of information on academic misconduct (integrity) to which you can refer include: The Committee on Academic Misconduct web page: <http://oaa.osu.edu/coam.html>
Ten Suggestions for Preserving Academic Integrity: <http://oaa.osu.edu/coamtensuggestions.html>
Eight Cardinal Rules of Academic Integrity: www.northwestern.edu/uacc/8cards.html

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

ADA STATEMENT

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.

ADDITIONAL STUDENT RESOURCES

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know are suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the **Office of Student Life Counseling and Consultation Services (CCS)** by visiting ccs.osu.edu or calling 614-292- 5766. CCS is located on the 4th Floor of the Younkin Success Center and 4th Floor of the PAES Building. 24 hour emergency help is also available through the National 24/7 Prevention Hotline at 1-800-273-TALK or at suicidepreventionlifeline.org

GRADING

The course is graded A – E, with the weighted distribution outlined in the course requirements section. Transformation of numerical grade to letter grade will be according to the schedule:

A	93 – 100	B-	80 – 82	D+	68 – 69
A-	90 – 92	C+	78 – 79	D	64 – 67
B+	88 – 89	C	73 – 77	E	63 and below
B	83 – 87	C-	70 – 72		

COURSE REQUIREMENTS

You are evaluated across four broad types of activities: attendance & class participation, case study outlines & memos, quizzes, and examinations.

Class Participation	10%	50 points
Attendance	5%	25 points
Case Study Outlines/Abstracts (3)	30%	150 points (50 points each)
Quizzes (best 5 of 7)	20%	100 points (20 points each)
Midterm Exam (best 1 of 2)	15%	75 points
Final Exam	20%	100 points

		500 points

Class Participation: Active and constructive participation during class is a critical part of this course. This means attention to the assigned readings is particularly important. Students are expected to read the assigned chapters/articles before class and come prepared to discuss questions raised by the material, peers and the instructor. Participation will be assessed by the extent to which you engage in weekly lectures, small group activities, and case study discussions. The substance of your contributions will be considered, as well as the frequency.

Level of Engagement & Preparation	Points
Consistently (pro-)actively contributes, supports, engages and listens to others. Always adequately prepared.	50
Fairly consistently (pro-)actively contributes, supports, engages, and listens to others, or makes a sincere effort to do so. Almost always adequately prepared.	47
Sometimes contributes, supports, engages, and listens to others, or makes a sincere effort to do so. Usually prepared.	45
Noticeably limited interaction with others, rarely prepared, sometimes displays noticeable lack of interest and/or displays behavior disruptive to group dynamic and/or student learning.	42
Virtually no interaction with others, consistently unprepared, displays noticeable lack of interest (ongoing) and/or displays disruptive behavior that is detrimental to group dynamic and student learning.	38

Attendance: The rubric below outlines how attendance points will be assessed. If you are absent from class, you should make arrangements with a classmate to obtain notes and handouts. Leaving class early (without advance notice to the instructor) will count as an absence, so please do not plan to sign the attendance sheet then leave. Also, please do not pack up early.

Number of Absences	Fraction of Total Points	Points
1-2 missed classes	Earn full attendance points	25
3-4 missed classes	Earn 2/3 of attendance points	17
5 missed classes	Earn 1/3 of attendance points	8
6+	Earn no attendance points	0

Case Study Outlines/Abstracts: The case study sessions are meant to apply the knowledge you have gained from the weekly readings and lectures. A skeletal outline and case abstract will help you fully process the case content in preparation for vigorous in-class discussion (and the ensuing examination!). For each of the three case study class sessions, which are marked in the course outline below, each student must prepare a short skeletal outline of the case study readings. This document should be 1 page single-spaced (with bullet points and sentence fragments being acceptable) and should cover the main issues/considerations, presented in all readings, at a high-level. At a minimum, students should identify the key issue(s) relevant to financing the substantive area based on the concepts that have been previously introduced in class. The one-page limit means you will have to think carefully about content and word choice. A 300-word abstract should accompany the skeletal outline and tightly synthesize the readings in the case packet.

A paper copy of the outlines/abstracts should be turned in at the beginning of class. One point will be deducted if the assignment is not turned in at the beginning of class. An additional point will be deducted for each day that the outline/abstract is late. A grading rubric will be distributed before the first outline/abstract is due. Together, the case study reading summaries make up 30% of your final grade (10% for each case).

Quizzes: Seven in-class quizzes will be administered over the course of the semester (dates and topics are listed in the course outline below). Quizzes will test your knowledge on core concepts of the class in advance of the midterms. Grades from the two lowest scoring quizzes will be dropped. The grades from the remaining five quizzes will comprise a total of 20% of your final grade. **No make-up quizzes will be administered.**

Midterms and Final Examinations: Three exams will be administered over the course of the semester. **There will be no make-up exams given.** The lowest score earned on one of the two midterms will be dropped, making your highest midterm score worth 15% of your final grade. The *comprehensive* final exam is worth 20% of your final grade. Failure to take the final exam at the scheduled time will result in a grade of zero on the final exam. More information regarding the structure and format of each exam will be available prior to each exam.

WORKLOAD EXPECTATIONS

For each credit, there should be about an hour of in class meeting time and 2 hours out of class work. For a three-credit class, you can expect an average of 6 hours of work outside of class completing readings, assignments and preparing for exams.

****PLEASE NOTE:**** I have a class in another building immediately following this class, so I will not be available to talk at the end of our class. I can meet you during my office hours or *before* class or at another appointed time if you contact me via e-mail to make arrangements.

COURSE OUTLINE AND REQUIRED READINGS

Wk	Date	Topic	Readings	Deliverables
1	W 8/26	Intro, Trends in State & Local Public Sector Finance	Fisher 1	
	F 8/28	Public Choice and Fiscal Federalism	Fisher 3,5; Oats 1999	Photo on Carmen (1 EC point on first quiz)
2	W 9/2	Fiscal Federalism II	Fisher 9	
	F 9/4	Tax Evaluation Criteria	Fisher 12	Quiz 1 (Trends, Choice, Fiscal Federalism)
3	W 9/9	Sales Tax	Fisher 15	
	F 9/11	User Fees and Charges	Mikesell 2010	
4	W 9/16	Income Tax I	Fisher 16	Quiz 2 (Tax Eval., Sales Tax, User Fees/Chgs)
	F 9/18	Income Tax II	Fisher 16	
5	W 9/23	Case Study: Tax Policy	See Carmen	Outline/abstract of case readings
	F 9/25	Midterm Exam Review		Quiz 3 (Income Tax)
6	W 9/30	MIDTERM EXAM I		Midterm Exam I (in class)
	F 10/2	Property Tax I	Fisher 13	
7	W 10/7	Property Tax II	Fisher 14	
	F 10/9	Borrowing and Debt I	Fisher 10	Quiz 4 (Property Tax)
8	W 10/14	Case Study: Borrowing and Debt	See Carmen	Outline/abstract of case readings
	F 10/16	NO CLASS: Autumn Break		
9	W 10/21	K-12 Education	Fisher 19	
	F 10/23	K-12 Education II	Fisher 19	
10	W 10/28	Higher Education	Callan 2002	Quiz 5 (Borrowing & Debt, K-12 Education)
	F 10/30	Case Study: Higher Education	See Carmen	Outline/abstract of case readings
11	W 11/4	Transportation	Fisher 20	
	F 11/6	Midterm Exam Review		Quiz 6 (Higher Ed, Transport.)
12	W 11/11	NO CLASS: Veterans Day		
	F 11/13	MIDTERM EXAM II		Midterm Exam II (in class)
13	W 11/18	Welfare	Fisher 21	
	F 11/20	Medicaid	Liska 1997, Wachino et al. 2004	
-	W 11/25	NO CLASS: Thanksgiving Break		
	F 11/27	NO CLASS: Columbus Day (Obs)		
14	W 12/2	Pensions and OPEB	Pew 2010, Pew 2012	Quiz 7 (Welfare, Medicaid)
	F 12/4	Fiscal Condition	Singla et al. 2014, Kirchner et al. 2015	
15	W 12/9	Course Wrap up & Exam Review		
16	M 12/14	Final Exam 4:00-5:45 PM	Location: TBD	