



THE OHIO STATE UNIVERSITY
JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

State and Local Government Finance

PUB AFRS 4310/ECON 4310

Autumn 2018
Monday/Wednesday 12:45 – 2:05 p.m.
Page Hall, Room 060

Credit Hours: 3

Instructor: Kim Young, PhD

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Office Hours: Wednesdays 2:30-4:30 pm, or by appointment, Page Hall 310B

Grader: Sydney Rubin

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 are 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, *Principles of Microeconomics*, or a similar microeconomics course.

REQUIRED TEXT AND READINGS

Fisher, Ronald C., *State and Local Public Finance*, 4th edition. Routledge 2016.
ISBN #: 978-0-7656-4427-5

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.”

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

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

ACCOMMODATION POLICY

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. **SLDS contact information:** slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.

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 Younkiln 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

Writing Consulting: Students wishing to have additional help with the writing of their papers can meet with a consultant at the Writing Center (<https://cstw.osu.edu/writing-center>).

SPECIAL REQUEST Please do not pack up early.

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 follow:

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

GRADE APPEALS

The assigned grade is designed to show the overall quality of work performed by each student. If you believe that any grade was not properly assigned you may write a letter explaining why you believe the grade was incorrectly assigned within one week of receiving the graded assignment back. Each appeal will be considered, and if a re-grade is performed, the entire assignment will be re-graded. The final grade may be greater, less, or equal to the original grade.

COURSE REQUIREMENTS

In this course, you are evaluated across four broad types of activities: class participation, case study outlines & abstracts, quizzes, and examinations. These components total 100 points.

Class Participation	4%	4 points
Case Study Outlines/Abstracts (2)	15%	15 points (6 points; 9 points)
Quizzes (best 4 of 6)	16%	16 points (4 points each)
Problem Sets (2)	20%	20 points (10 points each)
Midterm Exam	20%	20 points
Final Exam	25%	25 points

Attendance: Students should attend class. While there are no course points specifically assigned to attendance, it will be recorded each class meeting and is an indication of your commitment to mastering the course material. Also, you cannot earn participation points if you are not present.

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.	4
Fairly consistently (pro-)actively contributes, supports, engages, and listens to others, or makes a sincere effort to do so. Almost always adequately prepared.	3
Sometimes contributes, supports, engages, and listens to others, or makes a sincere effort to do so. Usually prepared.	2
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.	1
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.	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, 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 (bullet points and sentence fragments 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.

The outlines/abstracts should be turned in via Carmen before the beginning of class. One point will be deducted if the assignment is not turned in by 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. Case Study 1 is worth 6 points and Case Study 2 is worth 9 points. Together, the case studies make up 15% of your final grade.

Quizzes: Six 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 of readings and core concepts of the class ahead of the exams. Grades from the two lowest scoring quizzes will be dropped. The grades from the remaining four quizzes will comprise a total of 16% of your final grade. **No make-up quizzes will be given and this policy is strictly enforced (no exceptions).**

Problem Sets: Throughout the semester, problem sets will be given to practice applying class concepts. The applications will be similar to activities done in class. Two of the problem sets will represent first-half and second-half concepts and be given as preparation for each exam. These specific problem sets will be submitted to Carmen and graded for course credit. Each problem set will be worth 10 points. Together, graded problem sets will count for 20% of the course grade. The suggested solutions for each problem set will post to Carmen shortly after the assignment is due. This will allow you as much time as possible to review the correct answers before the midterm/final exam. Since the key will post soon after the due date, **NO LATE ASSIGNMENTS CAN BE ACCEPTED. Unfortunately, no exceptions can be made to this policy.**

Midterms and Final Examinations: Two exams will be given. Make up exams will be given only if arrangements are made by the end of the 3rd week of class and scheduled before the day/time the exam will take place. **There will be no make-up exams given after the exam.** Failure to make arrangements or take an exam at the scheduled time will result in a grade of zero. The midterm is worth 20% of the final grade. The *comprehensive* final exam is worth 25% of the course grade. More information about 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.

****NOTE**:** This class assumes familiarity with basic microeconomics. Several Glenn College courses review, apply, and build on these fundamentals. To avoid redundancy, review of these basics is not built into the schedule for this upper-level course. An informal assessment at the beginning of the semester will help me understand your comfort level with economics. If needed, a review session will be scheduled outside of class for those who would like to brush up.

GLENN COLLEGE DIVERSITY VALUES

The Glenn College is committed to nurturing a diverse and inclusive environment for our students, faculty, staff, and guests that celebrates the fundamental value and dignity of everyone by recognizing differences and supporting individuality. We are dedicated to creating a safe space and

promoting civil discourse that acknowledges and embraces diverse perspectives on issues and challenges that affect our community.

COURSE OUTLINE AND REQUIRED READINGS

Wk	Date	Topic	Readings	Deliverables
1	W 8/22	Course Introduction		
2	M 8/27	Trends in State & Local Public Sector Finance	Fisher 1	Photo on Carmen
	W 8/29	Public Choice	Fisher 4 & 5	
3	M 9/3	Labor Day – no classes, offices closed		
	W 9/5	Fiscal Federalism	Fisher 6 & Oates 2004	Quiz 1(Intro, Trends, Public Choice)
4	M 9/10	Intergovernmental Grants	Fisher 10	
	W 9/12	Tax Evaluation Criteria I	Fisher 12	
5	M 9/17	Tax Evaluation Criteria II	Fisher 12	
	W 9/19	User Fees and Charges	Mikesell 2010	
6	M 9/24	Sales Tax I	Fisher 15	
	W 9/26	Sales Tax II	Fisher 15	Quiz 2 (Fiscal Federalism, Grants, Tax Evaluation, Fees & Charges)
7	M 10/1	Income Tax I	Fisher 16	
	W 10/3	Income Tax II	Fisher 16	
8	M 10/8	Case Study: Tax Policy	See Carmen	Outline/abstract of case readings
	W 10/10	MIDTERM EXAM REVIEW		Problem Set 1
9	M 10/15	MIDTERM EXAM		Midterm
	W 10/17	Property Tax I	Fisher 13	
10	M 10/22	Property Tax II	Fisher 14	
	W 10/24	Borrowing & Debt I	Fisher 11	Quiz 3 (Property Tax)
11	M 10/29	Borrowing & Debt II	Fisher 11	
	W 11/31	Case study: Borrowing and Debt	See Carmen	Outline/abstract of case readings
12	M 11/5	Welfare I	Fisher 21	Quiz 4 (Borrowing & Debt)
	W 11/7	Welfare II	Fisher 21	
13	M 11/12	Medicaid I	KFF 2014	
	W 11/14	Medicaid II		
14	M 11/19	K-12 Education I	Fisher 19	Quiz 5 (Welfare and Medicaid)
	W 11/21	Thanksgiving Break – no classes		
15	M 11/26	K-12 Education II	Fisher 19	
	W 11/28	Higher Education	Callan 2002	
16	M 12/3	Transportation	Fisher 20	Quiz 6 (Education)
	W 12/5	FINAL EXAM REVIEW (in class)		Problem Set 2
17	R 12/13	FINAL EXAM Thurs 12/13 2:00-3:45 pm		Final