



THE OHIO STATE UNIVERSITY

JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

Public Budgeting and Finance

PUB AFRS 6040

Mondays 5:45 – 9:20 p.m.

Hagerty Hall, Room 062

Credit Hours: 4

Professor: Dr. Charlotte Kirschner

Office: 310B Page Hall

Phone: 614-292-7221

Email: kirschner.29@osu.edu

Office Hours: Tuesdays 3 to 5 p.m., or by appointment

Teaching Assistant: Jongsoo Park

Office: 240A Page Hall

TA Email: park.1365@osu.edu

Office Hours: Tuesdays 10 a.m. to noon, or by appointment

COURSE OVERVIEW

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, understanding these concepts is vital to both your personal success and the success of your organization.

This course in public budgeting & finance provides the policy & management oriented student an opportunity to think about proper financial administration of the public sector in the economy. The course examines the motivations for creating a public sector, contemplates budgets as political, policy, and financial documents and discusses methods for budgeting and budget analysis. We will consider a variety of techniques for the analysis of revenues, spending and the issuance of debt. We will study methods of revenue collection and forecasting, explore tax expenditures, deductions, and credits, and the reasons they have become prominent tools for implementing policy. The course will culminate in the examination of how the public sector finances the provision of service in five policy areas.

STUDENT LEARNING GOALS AND OBJECTIVES

Upon completion of this course, students will:

1. Have a working knowledge of processes, principles, and techniques employed by those who develop, manage and analyze budgets in the public sector;
2. Become familiar with a wide variety of analytical techniques appropriate for the analysis of revenue, spending, and debt issuance;
3. Develop a greater capacity to conduct analyses using Microsoft Excel or a similar spreadsheet package; and
4. Develop skills in professional writing.

PREREQUISITES

Students are expected to have completed Public Affairs 6030, *Public Sector Economics*, or a similar intermediate-level microeconomics course.

REQUIRED TEXT AND READINGS

Students can access textbook information for 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.

There is one *required* text for the course:

***Public Budgeting Systems (9th edition)*, by Robert D. Lee, Jr., Ronald W. Johnson and Phillip G. Joyce. ISBN#978-1449627904**

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

Public budgeting issues are very much in the news these days 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.

GRADING

The course is graded A-E, based on a total of 100 points, with point distribution outlined in the course requirements section. Transformation of numerical grade to letter grade will be according to the schedule below:

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

There will be five components used in determining your final grade for the course. This section describes these requirements and their relative weights for your final grade.

Class Participation	5%
Optional Midterm Exam	20%
Homework Assignments	45%
Issue Discussion	10%
Final Exam	20% to 40%

Class Participation: Active and constructive participation in class discussion is a critical part of this course, making attention to the assigned readings particularly important. Students are expected to attend each class session and come prepared to discuss questions raised by the readings. You can participate in class in many ways, including answering questions during class discussion; asking questions to clarify class discussions; and/or volunteering personal experiences to a case or concept discussed in class. If you are absent from class, you must make arrangements to obtain notes and handouts from other students or me. Class participation represents 5% of your final grade.

Homework Assignments: Three assignments will be required for this class. The assignments ask students to apply their knowledge to conduct tax and budget analyses and to summarize their work in short policy memos. Specific instructions for the written assignments will be passed out in class at least two weeks before they are due. Each written assignment will be worth 15% of your grade, for a total of 45% of your final grade.

Issue Discussion: Each student will select a topic to engage the class in a short discussion of a public budget and finance issue. You are responsible for applying the course material for the week to a specific issue that can be discussed by the class. Topics will be assigned before the second class session. Additional details will be distributed in class. The issue discussion represents 10% of your final grade.

Midterm and Final Examinations: Two exams will be administered. Exam questions will consist of multiple choice, short answer, and/or essay. The optional midterm represents 20% of your final grade and the final *comprehensive* exam represents another 20% of your final grade. For students electing not to take the midterm exam, the final exam will be worth 40% of the final grade.

There will be no make-up exams. If you are absent from the midterm exam, the weight of that exam will be applied to the final exam. The final exam will be scheduled during the University's final exam period for this course. Failure to take the final exam at the scheduled time will result in a grade of zero on the final exam.

COURSE POLICIES

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.

Writing Style and Citations

All written work for this class should be well organized, written, and edited. If you have concerns about your writing or struggle with writing consider working with OSU's Writing Center (<http://cstw.osu.edu/>).

All work should be original. Paraphrasing or quotation of other's works including, but not limited to, information from websites, promotional materials, lecture slides, and texts without proper attribution will not be accepted. **When in doubt, include a citation.**

Citations must be included using a standard reference format (APA, Chicago, or MLA). For help with citations, please see the University's online style guides available at <http://library.osu.edu/help/research-strategies/cite-references/>. The main objective is for students to cite their work consistently and accurately.

Late Assignment Policy

Assignments are due to the Carmen dropbox on the date specified. Failing to submit your assignment on time will result in a late penalty of one point per day for **EACH DAY** it is late.

Grade Appeals

Grades on assignments are intended to reflect the overall quality of performance of the student. You may appeal your grade on an assignment if you think the grade does not reflect the quality of your performance on the assignment. To appeal a grade, submit a clear written explanation describing why you believe the assigned grade is inappropriate *within one week* after your work is returned. I will carefully consider all such appeals. When I re-grade the assignment, I will re-grade the *entire* assignment. As a result, the final grade for the re-graded assignment may be greater than, less than, or equal to the original grade.

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/>

Social Support Services

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

COURSE OUTLINE AND ASSIGNED READINGS

Class 1: August 31

Course Introduction, Overview of Budget and Finance

Readings

- Lee, Johnson and Joyce (LJJ) Chapter 1: Introduction
- LJJ Chapter 4: Budget Cycles

In Class Exercise: National Budgeting Exercise

September 7: No Class: Labor Day

Class 2: September 14

The Government Sector and Intergovernmental Fiscal Relations

Readings:

- LJJ Chapter 2: The Public Sector in Perspective
- LJJ Chapter 15: Intergovernmental Relations

Class 3: September 21

Tax Evaluation Criteria and Taxes on Income

Readings:

- LJJ Chapter 5: Budgeting for Revenues: Income Taxes, Payroll Taxes, and Property Taxes (pp. 133 – 152).
- Gruber, J. (2011). Selected pages from: *Public Finance and Public Policy*, 3rd Edition. (Carmen)
- Cordes, J. and Juffras, J. (2012). State Personal Income Taxes In R.D. Ebel & J.E. Petersen (Eds.), *The Oxford Handbook of State and Local Government Finance* pp. 300 – 332. (Carmen)
- Brunori, D. (2012). State Corporate Income Taxes In R.D. Ebel & J.E. Petersen (Eds.), *The Oxford Handbook of State and Local Government Finance* pp. 333 – 351. (Carmen)

Class 4: September 28

Sales Tax and User Fees and Charges

Readings:

- LJJ Chapter 6: Budgeting for Revenues: Transaction-Based Revenue Sources
- Brunori, D. (2005). Sales and Use Taxes. In *State Tax Policy: A Political Perspective*, 2nd Ed. pp. 53 – 71. (Carmen)
- Ward, B.T. & Sipior, J.C. (2011). The Battle Over E-commerce Sales Tax Heats Up. *Information Systems Management* 28, pp. 321 – 326. (Carmen)
- Mikesell, J. (2010). Revenue from User Fees, User Charges, and Sales by Public Monopolies in *Fiscal Administration* (8th ed.) pp. 536 – 566. (Carmen)

Class 5: October 5 Property Tax

Readings:

- LJJ Chapter 5: Budgeting for Revenues: Income Taxes, Payroll Taxes, and Property Taxes (pp. 152 – 161).
- Brunori, D. (2007). The Logic of the Property Tax. *Local Tax Policy: A Federalist Perspective, 2ed.* pp. 43 – 54. (Carmen)
- Brunori, D. (2007). The Property Tax Under Siege. *Local Tax Policy: A Federalist Perspective, 2ed.* pp. 55 – 67. (Carmen)

Class 6: October 12 Debt, Deficits, and Borrowing and Cost Benefit Analysis

Readings:

- LJJ Chapter 14: Capital Finance and Debt Management
- President’s 2014 Budget: Analytical Perspectives, Chapter 9, Benefit Cost Analysis (Carmen)

For an example of a CBA see:

- Kirschner, C. (2006). Going from Yellow to Orange: Using Cost-Benefit Analysis to Inform Local Homeland Security Decision-Making. *Policy Perspectives: The George Washington University Journal of Public Policy & Public Administration* 13, pp. 39 – 59. (Carmen)

Assignment: Tax Assignment Due

Class 7: October 19 Revenue Prediction, Tax Expenditures and Mid-Term Review

Readings:

- Mikesell, J.L. (2011). “Revenue Forecasts, Revenue Estimates, and Tax Expenditure Budgets” in *Fiscal Administration: Analysis and Applications for the Public Sector* (8th ed.) pp. 567 – 585. (Carmen)
- Howard, C. (2002). “Tax Expenditures.” In L. Salamon (Ed.), *The Tools of Government: A Guide to the New Governance* pp. 410 – 444. (Carmen)

Class 8: October 26 Optional Midterm and Budgeting Fundamentals

OPTIONAL MIDTERM EXAM: Administered during 1st PORTION OF CLASS

Readings:

- Key, V.O. (1940). The Lack of a Budgetary Theory. *American Political Science Review* 34, 1137 – 1144. (Carmen)
- Rubin, I. (2010). The Politics of Public Budgets In *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing* (6th ed.) pp. 1 – 34. (Carmen)
- National Association of State Budget Officers. (2015). *Budget Processes in the States: Summer 2015.* – Read each of the Chapter Summaries and *skim* Tables (Carmen)
- Review of Ohio’s and one other state’s Governor’s Budget Proposal

Class 9: November 2 Budget Preparation and Cost Analysis

Readings:

- LJJ Chapter 7: Budget Preparation: The Expenditure Side
- LJJ Chapter 8: Budget Preparation: The Decision Process
- Anthony R. & Young, D. (1984). *Cost Accounting In Management Control in Nonprofit Organizations*. McGraw-Hill Companies. (Carmen)

Assignment: Cost Benefit Analysis Assignment Due

Class 10: November 9 Budget Approval and Budget Execution

Readings:

- LJJ Chapter 9: Budget Approval: The Role of the Legislature
- LJJ Chapter 10: Budget Approval: The U.S. Congress
- LJJ Chapter 11: Budget Execution (pp. 341 - 358 and 368 – 395)
- Congressional Budget Office. (2015). *The Budget and Economic Outlook: 2015 – 2025*. (Carmen) – *Read Summary and Skim Report*

Class 11: November 16 Financial Management and Capital Budgeting

Readings:

- LJJ Chapter 12: Financial Management: Accounting, Reporting, and Auditing
- U.S. Dept. of Treasury. (2014). *A Citizen's Guide to the 2014 Financial Report of the United States Government*. (Carmen)
- Pew Center on the States. (2010). *The Trillion Dollar Gap*. (Carmen) – *Read Executive Summary ONLY*
- Pew Center on the States. (2012). *The Widening Gap Update*. (Carmen)
- LJJ Chapter 13: Capital Assets: Planning and Budgeting, Analysis, and Management
- Pagano, M. (2002). *Municipal Capital Spending During the "Boom"*. *Public Budgeting and Finance*. 22(2). 1-20. (Carmen)

Class 12: November 23 Financing K-12 and Higher Education

Readings:

- Springer, M. G., Houck, E. A., & Guthrie, J. W. (2008). History and scholarship regarding United States education finance and policy In *Handbook of Research in Education Finance and Policy*, 3-22. (Carmen)
- Callan, P.M. (2002) *Coping with Recession: Public Policy, Economic Downturns and Higher Education*. National Center for Public Policy and Higher Education. (Carmen)

Assignment: Budget Assignment Due

Class 13: November 30 Financing the Social Safety Net

Readings:

- Gais, T., Boyd, D. & Dadayan, L. (2012). The Social Safety Net, Health Care, and the Great Recession In R.D. Ebel & J.E. Petersen (Eds.), *The Oxford Handbook of State and Local Government Finance*. (Carmen)
- Paradise, J. (2015) Medicaid Moving Forward. The Kaiser Commission on Medicaid and the Uninsured. (Carmen)

Class 14: December 7 Financing Transportation, Course Wrap Up and Review

Readings:

- Fisher, R. (2015). Transportation. In *State and Local Public Finance* (4th ed.). (Carmen)

Final Exam: Friday December 11th from 6:00 to 7:45 p.m.

SAMPLE

SUMMARY OF IMPORTANT DATES

SEPTEMBER 7	No Class – Labor Day
OCTOBER 12	Tax Assignment Due
OCTOBER 26	Optional Midterm during 1 st Portion of Class
NOVEMBER 2	CBA Assignment Due
NOVEMBER 23	Budget Assignment Due
DECEMBER 11	Final Exam (6:00p.m. to 7:45p.m.)

SAMPLE