

Graduate School of International Relations
International University of Japan
777 Kokusai-cho, Minami Uonuma-shi, Niigata 949-7277 Japan

DCC5370: Public Finance and Budgeting

Spring 2012

Instructor: Jungbu Kim, Ph.D. (Office: #307, TEL: #541)
Office Hours: Wednesdays 10:30am – 11:30am
Or by appointment
Class Location:
Class hours: Sessions 2&3 (10:30am-12:00pm, 1:00pm-2:30pm), Mondays
E-mail: j.kim@iuj.ac.jp

COURSE ESSENTIALS

Public budget is the most distilled statement of what government does with its price tag attached. It is a policy document as well as a financial plan that serves control, management and planning purposes. And, public budgeting is how the government decides on and executes its budgets, which both is essentially a political process and requires substantial understanding and skills in financial management. This course aims to improve students' understanding of how government at different levels manages its purse, money, equipping students with both theoretical perspectives and practical analytical skills. The topics covered include, but are not limited to, budgetary institutional arrangements and process, roles of key budget actors and decision-makers, budgetary constraints, budget systems and reform, key revenue sources and forecasting, capital budgeting, debt management, intergovernmental fiscal relations, and a diverse set of skills and tools in preparing and implementing budgets.

COURSE DESIGN

Each week there will be two class sessions. The first one will be devoted to lectures and discussions about the required readings. The second session will be devoted to 1) a case discussion and 2) the exercise of budget preparation and analysis using Excel spreadsheets.

LEARNING OBJECTIVES

By the end of the term, students will be able to:

- Understand the political, economic, legal, organizational, and cultural dimensions of public budgeting;
- Describe key processes, institutions, and actors in the budget process;
- Identify and discuss major revenue sources and expenditure categories of public budget;
- Understand key issues and challenges in revenue forecasting, capital budgeting and debt management;
- Assess a government's actual budget practices according to the recommended set of standards;

- Appreciate the rationale and realities of intergovernmental fiscal relations in developing as well as developed countries;
- Analyze budget trends of public organizations; and
- Use effectively Microsoft Excel to manage and analyze budget data

REQUIRED TEXTBOOKS

- John L. Mikesell. 2010. *Fiscal Administration: Analysis and Applications for the Public Sector*. (8th edition). Wadsworth. **ISBN-13:** 978-0495795827
- Greg G. Chen, Dall W. Forsythe, Lynne A. Weikart, and Daniel W. Williams. 2008. *Budget Tools: Financial Methods in the Public Sector*. CQ Press. **ISBN-13:** 978-0872895393

REFERENCES

- Aman Khan and W. Bartley Hildreth (eds.). 2003. *Case Studies in Public Budgeting and Financial Management*. 2nd edition. CRC Press. **ISBN-13:** 978-0824708887

STUDENT REQUIREMENTS

1. Examination

There will be one in-class examination at the end of the term. The exam will cover the class readings and discussions, testing students' overall understanding of financial management and budgetary issues in the public sector. The exam will require creative and imaginative thinking.

2. Class Exercises

- **Quizzes:** There are 7 quizzes to be administered at the beginning of the class meetings. The quizzes will cover the class reading for the class.
- **Case presentation and discussion:** During the second session, two students will present chapters from Khan and Hildreth (2003).

3. Budget Trend Analysis Paper

Students will conduct a budget trend analysis **in pairs**. You must choose a government or an agency from government (local, provincial, or national) or a nonprofit organization and analyze revenues/expenditures trends for the past 10 years (2001-2010). Members of the same team will receive the same score on the project. Directions for the project will be provided the 4th week of the term.

- #1) Research plan: Submit the name of governmental agency/department/nonprofit organization in whatever country and the names of the team members by the 5th week of the class. After the due date, normally you can't change your choice. Before deciding on your agency, it is necessary to check the availability of budget documents over the analysis period.
- #2) Final report: Please bring a hard copy of the final paper to the 7th class.

4. Homework Assignments

- Budget Controversies Memo: Each student will write a memo that describes conflicts over a budgetary or finance problem in the public sector and explain how the issue is being resolved or not.
- Government Finance Officers Association (GFOA) Best Practices Assessment: Each team of *three* or *four* will choose one of four GFOA budget principles and assess the City of Atlanta's FY2012 adopted budget and budgetary practices. Available at:

<http://www.gfoa.org/services/df/budget/RecommendedBudgetPractices.pdf>
<http://www.atlantaga.gov/modules/showdocument.aspx?documentid=2613>

And, the Comprehensive Annual Financial Report of the City of Atlanta is available at:
<http://www.atlantaga.gov/modules/showdocument.aspx?documentid=740>

- At the end of each chapter of Mikesell (2010) and Chen et al. (2008), there are Questions and Exercises. Students will do such exercises *of instructor's choice* after the class and bring their answers to the class the following week.

* Note: **All** submissions including trend analysis should be single-spaced, 12 point font, and 1 inch margin.

Student Assessment

- Final Exam: 30%
- Trend Analysis: 20%
- Best Practices: 20%
- Quizzes: 10%
- Controversy Memo: 5%
- Mikesell and Chen Exercises: 5%
- Presentations/Participation: 10%

Grading Scale

- 96-100 A 90-95.9 A-
- 80-89.9 B+ 70-79.9 B
- 66-69.9 B- 60-65.9 C
- <60 F

Policies and Expectations

1. *Class attendance*: Students are required to attend every class. If emergencies occur, please let the instructor know immediately through e-mail or phone. For everybody's benefits, please come to the class in time. The 15-minute quizzes begin on time.
2. *Cell phones*: During the class, please turn off your cell phones.
3. *Readings*: Reading is the most important part of the class. The amount of required readings is less than 100 pages per week, which should be manageable. Please come to the class prepared to discuss the issues in the readings.

4. *Consultation with the instructor:* Students are encouraged to consult with the instructor if and whenever they have questions/issues with regard to the class, including, but not limited to, group projects, class attendance, and exams.
5. *Academic honesty:* This class follows the university guideline on plagiarism and cheating, which occurs in p. 16 of *CURRICULUM HANDBOOK for Students who enrolled in THE ACADEMIC YEAR 2011-2012*. Student is expected to give credit to the authors whose work she or he is relying upon. A simple rule is that if the student copies more than six consecutive words from works by others, then she or he needs to make quotation marks on the copied portion and cite the source(s). If the student paraphrases the other's work, then she or he needs to cite the source.

CLASS SCHEDULE AND READING ASSIGNMENTS

Week 1: **Introduction (Review of Syllabus)**
 (April 9) **Public Finance and Budgeting: The Public Sector and its Budget**

- Mikesell, Ch. 1

Week 2 (April 16): **Budget Process and Institutions**

- Mikesell, Ch. 2&3
- Chen et al., Ch. 2&3
- Khan and Hildreth, Ch.15

Week 3 (April 23): **Budget Systems and Reform**

- Mikesell, Ch. 4&5
- Chen et al., Ch. 7
- Khan and Hildreth, Ch. 7
- Controversy Memo Due (Hard copy to the class)

Week 4 (April 30): **Taxation and Major Tax Structures**

- Mikesell, *Ch. 7 (pp.341-371), 8 &9*

Week 5 (May 7): **Revenue Forecasting**

- Mikesell, Ch. 12
- Chen et al., Ch. 4
- Khan and Hildreth, Ch. 13

Week 6 (May 14): **Capital Budgeting**

- Mikesell, Ch. 6
- Chen et al., Ch.5
- Khan and Hildreth, Ch.16

Week 7 (May 21): Debt Management and Retirement

- Mikesell, Ch. 14, Ch. 15 (pp.683-692)
- Khan and Hildreth, Ch.17
- Trend Analysis Due (Hard copy to the class)

Week 8 (May 28): Intergovernmental Fiscal Relations

- Mikesell, Ch. 13
- Richard M. Bird and Francois Vaillancourt. (eds.). 2006. *Perspectives on Fiscal Federalism*. Ch. 2&3(pp. 15-56).

Week 9 (June 4): Best Practices Assessment Presentation

- Best Practices Assessment Due (Hard copy to the class)

Week 10 (June 11): Final Examination

**This syllabus may be subject to changes at the instructor's discretion if necessary. **

Course ID Number: DCC 5370
Course Title: Public Finance and Budgeting

No. of Credits: 2

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Term: Spring 2012
Timetable: 2nd and 3rd period on Monday

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Course Introduction

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