

INTERNATIONAL UNIVERSITY OF JAPAN
Graduate School of International Relations

Academic Year: 2013/2014

Term: Spring

Course	Course code: DCC 5370	Course title: Public Finance and Budgeting	
Name of Instructor	Kim, Jungbu		Credit Number: 2
Instructor's contact Information	Office#: 307 Phone #: 541	Office Hours: Tuesday and Thursdays 10:30- 11:30am And, by appointment	E-mail: j.kim@iuj.ac.jp
Class Schedule Day / Time/Classroom	2:40 – 5:50 pm, Mondays Classroom #103		

Course Description:

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, linking considerations of raising resources from the economy and spending priorities setting. And, public budgeting is how the government decides on and executes its budgets, which not only is essentially a political process, but also requires substantial understandings and skills in financial management. This course aims to improve students' understanding of how government at different levels manages its purse, money from taxpayers and citizens, for better results, equipping students with both theoretical perspectives and practical analytical skills. The topics covered include, but are not limited to, budgetary institutions 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. Students will be given practical opportunities to evaluate a government's budget in reference to budgeting and financial management principles learned from the class.

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;
- Understand the functions that public budget and budgeting serve;
- Appreciate differences in the orientation of alternative budget systems;
- Identify and discuss major revenue sources and expenditure categories of public budget;
- Understand key concepts, practices and challenges in revenue forecasting, capital budgeting and debt management;
- Assess a government's actual budget practices according to the recommended set of budgeting standards;
- Appreciate the rationales and realities of intergovernmental fiscal relations in developing as well as developed countries;
- Analyze budget trends of public organizations; and

Effectively use Microsoft Excel to manage and analyze budget data.	
<p>Career Relevance:</p> <p>This course equips students with basic understanding of budgetary institutions, processes, and financial management in the public sector, which is required for public managers.</p>	
<p>Course Context or Rationalization:</p> <p>Understanding theoretical and practical issues in public budgeting and finance is a must for any public managers. This course provides necessary skills for them to be effective in fulfilling their responsibilities regarding budget preparation and execution.</p>	
<p>Delivery Methods:</p> <p>Each week there will be two consecutive class sessions. The first one will be devoted to lecture and discussions about the required readings. The second session will be devoted to 1) discussion of empirical studies regarding key weekly learning points and 2) exercises of budget preparation and analysis.</p>	
<p>Assessment:</p> <ul style="list-style-type: none"> • Final Exam: 45% • Best Practices: 15% • Quizzes: 15% • Homework assignments 10% • Controversy Memo: 5% • Presentations/<u>Participation</u>: 10% <ul style="list-style-type: none"> • 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 	
Prerequisite: None	
Textbook(s)	<p>Required:</p> <ul style="list-style-type: none"> • John L. Mikesell. 2013. <i>Fiscal Administration: Analysis and Applications for the Public Sector</i>. (9th edition). Wadsworth. ISBN-13: 978-1-133-59484-0 • Jay E. Ryu. 2014. <i>The Public Budgeting and Finance Primer: Key Concepts in Fiscal Choice</i>. M.E. Sharpe. ISBN-13: 978-0-756-6397-0 <p>Reference books/Journal Articles:</p> <ul style="list-style-type: none"> • R. Mark Musell. 2009. <i>Understanding Government Budgets: A Practical Guide</i>. Routledge. ISBN-13: 978-0415990127 • Irene S. Rubin. 2014. <i>The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing</i>. (7th edition). CQ Press. ISBN-13: 978-1452240411

Class Outline	<p>Week 1 [April 7]: Introduction</p> <ul style="list-style-type: none"> • Mikesell, Chapter 1 (pp. 1-37) • Ryu, Chapter 17 (pp. 151-164) <p>Week 2 [April 14]: Budget, Budgeting, and Budget Processes</p> <ul style="list-style-type: none"> • Mikesell, Chapters 1 & 2 (pp. 1-89) • Ryu, Chapters 1, 2, & 3 (pp. 3-27)* • John L. Mikesell and Daniel R. Mullins. 2011. "Reforms for improved efficiency in public budgeting and finance: Improvements, disappointments, and work-in-progress," <i>Public Budgeting & Finance</i>, 31(4): 1-30.* • Salvatore Schiavo-Campo. 2009. "Potemkin villages: "The" medium-term expenditure framework in developing countries," <i>Public Budgeting & Finance</i>, 29(2): 1-26.* <p>Week 3 [April 21]: Budget Structures and Institutions</p> <ul style="list-style-type: none"> • Mikesell, Chapters 3 & 5 (pp. 90-151, 178-239)...Homework due on April 28 • Ryu, Chapters 4, 5, & 7 (pp. 28-44, 55-62)* • Jun Ma and Yilin Hou. 2009. "Budgeting for accountability: A comparative study of budget reforms in the United States during the Progressive Era and in contemporary China," <i>Public Administration Review</i>, 69(s1): S53-S59.* • Carlos Santiso. 2009. "Banking on accountability? Strengthening budget oversight and public sector auditing in emerging economics," <i>Public Budgeting & Finance</i>, 26(2): 66-100.* <p>Week 4 [April 28]: Budget Formats and Reform I (Line Item and Program Budgeting)</p> <ul style="list-style-type: none"> • Mikesell, Chapter 6 (240-268) • Allen Schick. "The road to PPB: The stages of budget reform," <i>Public Administration Review</i>, 26(4): 243-258. • Naomi Caiden. 1981. "Public budgeting amidst uncertainty and instability," <i>Public Budgeting & Finance</i>, 1(1): 6-19. • Julie Dolan. 2002. "The budget-minimizing bureaucrat? Empirical evidence from the Senior Executive Service," <i>Public Administration Review</i>, 62(1): 42-50.* • Aaron Wildavsky. 1969. "Rescuing policy analysis from PPBS," <i>Public Administration Review</i>, 29(2): 189-202.* • William E. West, Eric Lindquist, and Katrina N. Mosher-Howe. 2009. "NOAA's resurrection of program budgeting: Déjà vu all over again?" <i>Public Administration Review</i>, 69(3): 435-447.* <p>Week 5 [May 5]: Budget Formats and Reform II (Performance Budgeting)</p> <ul style="list-style-type: none"> • Mikesell, Chapter 6 (268-298)...Homework due on May 19 • Ryu, Chapters 9 & 10 (pp. 74-91) • Carolyn Bourdeaux. 2008. "Integrating performance information into legislative budget process," <i>Public Performance & Management Review</i>, 31(4): 547-569.* • Julia E. Melkers and Katherine G. Willoughby. 2001. "Budgeters' views of state performance-budgeting: Distinctions across branches," <i>Public Administration Review</i>, 61(1): 54-64.* • Donald P. Moynihan. 2013 (forthcoming). "Advancing the empirical study of performance management: What we learned from the Program Assessment
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Rating Tool,” *The American Review of Public Administration*, **Published online before print May 9, 2013, doi:10.1177/0275074013487023***

- Budget Controversies Due.

Week 6^c [May 12]: Capital Budgeting and Debt Management

- Mikesell, Chapters 7 & 15 (pp. 299-342, 634-677)...**Homework due on May 19**
- Davina F. Jacobs. 2008. *A Review of Capital Budgeting Practices*. IMF Working Paper WP/08/160. Available at: <https://www.imf.org/external/pubs/ft/wp/2008/wp08160.pdf>
- Ryu, Chapters 11 & 26 (pp. 92-102, 246-260) *
- Craig S. Maher and Steven C. Deller. 2013. “Assessing the relationship between objective and subjective measures of fiscal condition using government-wide statements,” *Public Budgeting & Finance*, 33(3): 115-136.*
- Jonathan B. Justice and Gerald J. Miller. 2011. “Accountability and debt management: The case of New York’s Metropolitan Transportation Authority,” *The American Review of Public Administration*, 41(3): 313-328.*

Week 7^c [May 19]: Principles of Taxation and Revenue Forecasting

- Mikesell, Chapters 8 & 13 (pp. 343-388, 570-602)...Homework due on May 26
- Ryu, Chapters 18, 19, & 20 (pp. 165-193) *
- Daniel W. Williams. 2012. “The politics of forecast bias: Forecaster effect and other effects in New York City revenues forecasting,” *Public Budgeting & Finance*, 32(4): 1-18.*
- Shannon Sohl, Michael T. Peddle, Kurk Thurmaier, Curtis H. Wood, and Gregory Kuhn. 2009. “Measuring the financial position of municipalities: Numbers do not speak for themselves,” *Public Budgeting & Finance*, 29(3): 74-96.

Week 8 [May 26]: Intergovernmental Fiscal Relations

- Mikesell, Chapter 14 (pp. 603-633)
- Louis Chih-Hung Liu. 2011. “The typology of fiscal decentralisation system: A cluster analysis approach,” *Public Administration & Development*, 31:363-376.
- Frank J. Thompson. 2013. “The rise of executive federalism: Implications for the picket fence and IGM,” *The American Review of Public Administration*, 43(1): 3-25.
- Ryu, Chapters 21 & 22 (pp. 197-214) *
- Blane D. Lewis and André Oosterman. 2009. “The impact of decentralization on subnational government fiscal slack in Indonesia,” *Public Budgeting & Finance*, 29(2): 27-47.*
- Pablo Simon-Cosano, Santiago Lago-Penas, and Alberto Vaquero. 2014. “On the political determinants of intergovernmental grants in decentralized countries: The case of Spain,” *Publius: The Journal of Federalism*, 44(1): 135-156.*

Week 9 [May 30?]: Presentation of Best Practices Assessment

- Best Practices Assessment Due [June 2].

Week 10 [June 9]: Course examination

^c → The second session of the class will be held at the computer lab #120.

<p>Others (if any) Class Activities and other Policies</p>	<p><u>Class Activities/Assignments</u></p> <p>1. <i>Examination</i> There will be one <u>take-home</u> examination at the 10th (June 9, 2014) 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 <i>require creative and imaginative thinking</i>.</p> <p>2. <i>Class Exercises</i></p> <ul style="list-style-type: none"> • Quizzes: For every class meeting, there will be a quiz at the beginning of the class at 2:40 pm. The quizzes will cover the class reading for the class. Only <u>six</u> quizzes will be graded. • Article presentations: During the second session, two or three students will present journal articles or book chapters as indicated by * in the course schedule in pages 3-4. <p>3. <i>Homework Assignments</i> There will be three short homework assignments from Mikesell (2013) for getting familiar with key concepts and Excel spreadsheet. The assignments will be about presentation of budget data, revenues forecasting, life-cycle costing, and debt management.</p> <p>4. <i>Budget Controversies Memo</i> Each student will write a memo that describes a conflict over a budgetary or finance problem in the public sector and explains how the issue is (or is not being) resolved. The point here is to let your reader [instructor] know about the politics regarding how to raise or spend public monies. For example, just think about the recent budget sequestration issue in the United States. There is no format for this assignment, but it should be no longer than <u>800 words</u>, including tables and references. This assignment is due to the 5th week's class (May 5).</p> <p>5. <i>Government Finance Officers Association (GFOA) Best Practices Assessment</i> Each team of three or four students will choose TWO of four GFOA budget principles and assess a national or subnational government's current adopted budget (FY2014) and budgetary practices against the chosen principles. The GFOA Best Practices are available at: http://www.gfoa.org/services/dfl/budget/RecommendedBudgetPractices.pdf</p> <ul style="list-style-type: none"> - Principle 1: <i>Establish broad goals to guide government decision making</i> (Needs, challenges, opportunities, and goals) - Principle 2: <i>Develop approaches to achieve goals</i> (Financial policies, policies on programmatic, operating, and capital budgets, and management strategies) - Principle 3: <i>Develop a budget consistent with approaches to achieve goals</i> (Budget process/preparation, financial options, financial overviews, forecast, expenditure projections, key policies descriptions, etc.) - Principle 4: <i>Evaluate performance and make adjustments</i> (Performance measures/monitoring and adjustments) <p>Choice of the principle and team members is <u>due on the 6th week</u> to the class. The instructions will be provided during the class <u>in the 6th week</u>.</p>
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Policies and Expectations

1. *Attendance*: Students are *required* to attend every class except for medical emergencies. Six missed sessions will lead automatically to an *F* grade. If medical emergencies occur, please let the instructor know immediately through e-mail or phone. For everyone's benefits, please come to the class in time. The 15-minute quizzes begin on time. Students are strongly discouraged from getting out of the class during the class session unless it is an emergency.
2. *Readings*: Reading is the most important part of the class. The amount of required readings is about 80-120 pages per week, which should be manageable. Please come to the class prepared to discuss the issues in the readings.
3. *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, course readings, term paper development, class attendance, and the exam. Both direct meetings with the instructor and email communications are welcome. Please, refer to the office hours and instructor's contact information in the 1st page of this syllabus.
4. *Academic honesty*: This class follows the university guideline on plagiarism and cheating, which occurs in pages 16-7 of the ***CURRICULUM HANDBOOK for Students who enrolled in THE ACADEMIC YEAR 2013-2014***. 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 the works by others, then she or he needs to make quotation marks on the copied portion and cite the source. If the student paraphrases the others' work, then she or he needs to cite the sources.
5. *Laptops may be used in class with discretion.*
6. If students need special assistance/support in regards to disabilities, please let the instructor and the *Office of Academic Affairs* know.