

INTERNATIONAL UNIVERSITY OF JAPAN
Graduate School of International Relations

Academic Year: 2016/2017

Term: Spring

Course	Course code DCC 5370	Course title Public Finance and Budgeting	
Name of Instructor	Lim, Seunghoo, Ph.D., MPA		Credit Number: 2
Instructor's contact Information	Office#: 313 Phone#: 414	Office Hours Tuesday 2:30pm-5:30pm or by appointment	E-mail: lim@iuj.ac.jp ; seunghoo.lim@gmail.com
Class Schedule Day / Time	Friday 10:30am-2:30pm Classroom #203		
TAs	Ms. Bui, Thi Thu Linh (builinh@iuj.ac.jp ; TA Hours: Monday 7pm-8:30pm); Mr. Myo Min Thein (myothein@iuj.ac.jp ; TA Hours: Monday 7pm-8:30pm).		

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:

The student in this class should learn 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; and
- Analyze budget trends of public organizations.

Career Relevance:

This course equips students with basic understanding of budgetary institutions, processes, and financial management in the public sector, which is required for public managers.

Course Context or Rationalization:

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.

Delivery Methods:

Each week there will be two consecutive sessions. The first one will be devoted to lecture and discussions about the required readings and learning points. During the second session, four students will present the journal articles and/or book chapters from the required readings list as indicated in the course schedule below. Each presentation/discussion will last no more than 15 minutes. During and after presentation, the class will be open to questions and discussions led by the presenting students.

Assessment:

Students will be expected to be full participants in shaping the character of the seminar; and this requires all students to come to class prepared to discuss the readings for each session. There are mainly three class requirements, and they are described in more detail in Class Activities.

Evaluation Requirements and Weights:

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| ■ Discussion Leader Performance (Presentations) and Class Participation | 20% |
| ■ Final Research Paper (A), Budget Reform Paper (B), or Essay (C) | 50% |
| ■ Biweekly Homework | 30% |

The final grade will be calculated as follows:

A = 94% and ↑	C+ = 78% - 79.9%
A- = 90% - 93.9%	C = 73% - 77.9%
B+ = 88% - 89.9%	C- = 70% - 72.9%
B = 83% - 87.9%	F = 69.9% and ↓
B- = 80% - 82.9%	

Prerequisite: None

Textbook(s)	<p>Required:</p> <ul style="list-style-type: none"> ■ Katherine G. Willoughby. 2014. <i>Public Budgeting in Context: Structure, Law, Reform, and Results</i>. San Francisco, CA: Jossey-Bass. ■ Jay E. Ryu. 2014. <i>The Public Budgeting and Finance Primer: Key Concepts in Fiscal Choice</i>. Armonk, NY: M. E. Sharpe. <p>Reference books/Journal Articles:</p> <ul style="list-style-type: none"> ■ John L. Mikesell. 2014. <i>Fiscal Administration: Analysis and Applications for the Public Sector</i>. (9th edition). Boston, MA: Wadsworth. ■ Irene S. Rubin. 2014. <i>The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing</i>. (7th edition). Thousand Oaks, CA: CQ Press. ■ Robert D. Lee, JR., Ronald W. Johnson, and Philip G. Joyce. 2013. <i>Public Budgeting Systems</i>. (9th Edition). Burlington, MA: Jones & Bartlett Learning. ■ Jay E. Ryu. 2011. <i>Bounded Bureaucracy and the Budgetary Process in the United States</i>. New Brunswick, NJ: Transaction Publishers. ■ John R. Bartle. (Ed.). 2001. <i>Evolving Theories of Public Budgeting</i>. UK: Emerald Group Publishing. ■ Greg G. Chen, Lynne A. Weikart, and Daniel W. Williams. 2014. <i>Budget Tools: Financial Methods in the Public Sector</i>. (2nd edition). Thousand Oaks, CA: CQ Press
Class Outline	<p><u>Week 1 [April 7, 2017] Introduction and Course Arrangements</u></p> <ul style="list-style-type: none"> ■ Willoughby (2014), Chapter 1. ■ Lee et al. (2013), Chapter 1 & 2. ■ Kioko, S. N., Marlowe, J., Matkin, D. S., Moody, M., Smith, D. L., & Zhao, Z. J. (2011), "Why Public Financial Management Matters," <i>Journal of Public Administration Research & Theory</i>, 21(S1): i113-i124. <p><u>Week 2 [April 14, 2017] Intro to Public Budgeting: Structure and Functions</u></p> <ul style="list-style-type: none"> ■ Willoughby (2014), Chapter 1 & 2. ■ Ryu (2014), Chapter 17. ■ Rubin (2014), "The Politics of Public Budgets." Chapter 1 (pp. 1-37) in <i>The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing</i>. (7th edition). Thousand Oaks, CA: CQ Press. ■ McCaffery, Jerry. 1999. "Features of the Budgetary Process." in <i>Handbook of Government Budgeting</i>, Meyers, Roy T. ed., Jossey-Bass: San Francisco, CA.*

- Rubin, Irene S. 1999. "Understanding the Role of Conflict in Budgeting." in *Handbook of Government Budgeting*, Meyers, Roy T. ed., Jossey-Bass: San Francisco, CA.*
- Rivlin, Alice M. 2012. "Rescuing the Budget Process." *Public Budgeting and Finance* 32(3): 53-56.* (Requiring one person)

Week 3 [April 21, 2017] History and Theories of Public Budgeting & the Federal Government

- Willoughby (2014), Chapter 3.
- Ryu (2014), Chapters 1 (pp. 3-6), 2 (pp. 11-14), 4 (p. 28), 13, 15, & 25.
- Rubin, Irene S. 1993. "Who Invented Budgeting in the United States?" *Public Administration Review* 53(5): 438-444.
- Key, Valdimer O. 1940. "The Lack of a Budgetary Theory." *American Political Science Review* 34(6): 1137-1144.
- Mitchell, David, and Kurt Thurmaier. 2012. "Currents and Undercurrents in Budgeting Theory: Exploring the Swirls, Heading Upstream." In *Foundations of Public Administration Series*, PAR/ASPA.
- White, Joseph. 1994. "(Almost) Nothing New under the Sun: Why the Work of Budgeting Remains Incremental." *Public Budgeting and Finance* 14(1): 113-134.*
- Good, D. A. 2011. "Still Budgeting by Muddling Through: Why Disjointed Incrementalism lasts." *Policy & Society* 30: 41-51.*
- Bozeman, Barry, and Jeffrey D. Straussman. 1982. "Shrinking Budgets and the Shrinkage of Budget Theory." *Public Administration Review* 42(6): 509-515.*

Week 4 [April 28, 2017] State & Local Budgeting

- Willoughby (2014), Chapter 4 & 5.
- Ryu (2014), Chapters 1 (pp. 6-8), 2 (pp. 14-15), 5, & 7.
- Rubin, Irene S. 2005. "The State of State Budget Research." *Public Budgeting and Finance* 25(4S): 46-67.
- Mikesell, J. L. 2007. "Fiscal Administration in Local Government: An Overview." in *Local Budgeting*, A. Shah ed., World Bank: Washington, DC.
- LaPlante, Josephine M. 2011. "Seven Habits of Unsustainable Budget Building: A State Policy Perspective." *Journal of Public Budgeting, Accounting, and Financial Management* 23(2): 215-267.*
- Kelly, Janet M., and William C. Rivenbark. 2008. "Budget Theory in Local Government: The Process Outcome Conundrum." *Journal of Public Budgeting, Accounting, and Financial Management* 20(4): 484-508.*

- Oh, Youngmin, Jongsun Park, & Seunghoo Lim. 2014. “Untangling the complexity of the association between contracting and local fiscal performance and income inequality in terms of competing values.” *Lex Localis - Journal of Local Self-Government*. 12(4): 851-872. *

Week 5 [May 5, 2017] Politics and Public Budgeting: Executive Preparation and Legislative Consideration

- Willoughby (2014), Chapter 6, 7, & 8.
- Ryu (2014), Chapters 3, 6, 7, & 14.
- von Hagen, Jürgen. 2007. “Budgeting Institutions for Better Fiscal Performance.” in *Budgeting and Budgetary Institutions*, Anwar Shah. ed., Washington, D.C.: The World Bank.*
- Posner, Paul, and Jon Blondal. 2012. “Democracies and Deficits: Prospects for Fiscal Responsibility in Democratic Nations.” *Governance* 25(1): 11-34.*
- Kim, Chunsoon, 2015. “A Study on Compilation and Improvement of Indices for Legislative Budgetary Institutions: With Focus on Comparative Analysis of Current Institutions in 60 Countries.” *OECD Journal on Budgeting* 2014(3): 9-37.*

Week 6 [May 12, 2017] Bureaucracy and Public Budgeting: Budget Execution

- Willoughby (2014), Chapter 9.
- Ryu (2014), Chapters 16 & 27 (pp. 263-265).
- Niskanen, William A. 1975. “Bureaucrats and Politicians.” *Journal of Law and Economics* 18(3): 617-643.
- Sigelman, Lee. 1986. “The Bureaucrat as Budget Maximizer: An Assumption Examined.” *Public Budgeting and Finance* 6(1): 50-59.
- Smith, Robert W., and Mark Bertozzi. 1998. “Principals and Agents: An Explanatory Model for Public Budgeting.” *Journal of Public Budgeting, Accounting, and Financial Management* 10(3): 325-353.
- United Nations Department of Economic and Social Affairs. 2005. *Citizen Participation and Pro-poor Budgeting*. New York, NY: United Nations.
- Julie Dolan. 2002. “The Budget-minimizing Bureaucrats? Empirical Evidence from the Senior Executive Service.” *Public Administration Review* 62(1): 42-50.*
- Lim, Seunghoo, and Youngmin Oh. 2016. “Online versus Offline Participation: Is the Democratic Potential of the Internet Realized? Analysis of a Participatory Budgeting System in Korea.” *Public Performance & Management Review* 39(3): 676-700.*

- Ebdon, Carol, and Aimee L. Franklin. 2006. "Citizen Participation in Budgeting Theory." *Public Administration Review* 66(3): 437-447.*

□ **[May 12, 2017] Final Project team members and topic due.**

Week 7 [May 19, 2017] Reforms and Public Budgeting: Line Item, Performance, and Program Budgeting

- Willoughby (2014), Chapter 10.
- Ryu (2014), Chapter 8.
- Schick, Allen. 1966. "The Road to PPB: The Stages of Budget Reform." *Public Administration Review* 26(4): 243-258.*
- Lewis, Verne B. 1988. "Reflections on Budget Systems." *Public Budgeting and Finance* 8(1): 4-19.*
- Joyce, Philip G. 1999. "Performance-based Budgeting." in *Handbook of Government Budgeting*, Meyers, Roy T. ed., Jossey-Bass: San Francisco, CA.*

Week 8 [May 26, 2017] Performance and Public Budgeting: Performance-Based Budgeting

- Willoughby (2014), Chapter 12.
- Ryu (2014), Chapters 9 & 10.
- Julnes, Patria de Lancer, and Marc Holzer. 2001. "Promoting the Utilization of Performance Measures in Public Organizations: An Empirical Study of Factors Affecting Adoption and Implementation." *Public Administration Review* 61(6): 693-708.*
- Lu, Elaine Yi, Zachary Mohr, and Alfred Tat-Kei Ho. 2015. "Taking Stock: Assessing and Improving Performance Budgeting Theory and Practice." *Public Performance & Management Review* 38(3): 426-458.*
- Curristine, Teresa, and Suzanne Flynn. 2013. "In Search of Results: Strengthening Public Sector Performance." in *Public Financial Management and Its Emerging Architecture*, Cangiano, Marco et al., Eds., Washington, D.C.: International Monetary Fund.*

Week 9 [June 2, 2017] Tax Policy, Intergovernmentalism, and Public Budgeting

- Willoughby (2014), Chapter 11.
- Ryu (2014), Chapters 18, 19, 21, & 22.
- Lewis, Blane, D. 2010. "Indonesian Decentralization: Accountability Deferred." *International Journal of Public Administration* 33(12-13): 648-657.*

	<ul style="list-style-type: none"> ■ Linh, Bui Thi Thu, Phung Thi Thu Ha, Ko Ko Aung, Nguyen Thi Hong Nhung, & Seunghoo Lim. 2017 (Forthcoming). “The Breakdown of the Iron Triangle in the Process of Trinity Reform, Japan: An Approach of Multiple Streams Framework,” <i>Lex Localis – Journal of Local Self-Government</i>. 15(2).* ■ Kirchler, Erich, Erik Hoelzl, and Ingrid Wahl. 2008. “Enforced versus Voluntary Tax Compliance: The “Slippery Slope” Framework,” <i>Journal of Economic Psychology</i>. 29: 210-225.* <p><u>Week 10 [June 9, 2017] Research Project Presentation</u></p> <p><u>[June 11, 2017] Term project paper due.</u></p>
Others	<ul style="list-style-type: none"> ■ Class Activities <p><i>1. Biweekly Homework</i></p> <p>There are four homework to be submitted at the beginning of the next class meetings. Each of the homework will include some essays and/or cases to be analyzed, based on the key themes and materials from the class. On the homework, students are expected to demonstrate that they have understood the materials for the week.</p> <p><i>2. Class Exercises</i></p> <p>□ Article Presentations:</p> <p>During the second session, four students/teams will present journal articles as indicated by * in the course schedule in the previous pages. The instructor will enlist volunteers for presentation at the first meeting of the class. The presenter is expected to prepare PowerPoint slides for about 15 minutes talk. The students may want to send the slides to the instructor before the class to get commented on. After the presentation, the presenters will lead the class discussion. The students will be also required to write questions that cover the assigned readings. These questions should help us discuss key ideas, how the article fits in the historical development of the approach, and how it is relevant to current budgetary debate or not. Questions that ask class members to recite factual material are not appropriate for our discussion. Rather the questions could ask about the choices made in the research, and critique and assess the readings. What are their strengths and weaknesses? How do they connect to other budgetary theories or practices? What is creative about the scholarship? How well do the research design and methods answer the research questions? How does the study advance the theory it uses, and our understanding of budgeting? What criticisms can be made of the approach and article?</p> <p>Of course, all other students are expected to participate in these discussions with</p>

their own reflections and critiques of the journal articles. Needless to remind you that in a graduate seminar such as this, students are expected to have completed the readings before the class regardless of whether they were assigned to lead a discussion or not.

Class Participation:

Class participation grades are assigned by the instructor based on four criteria: (1) class attendance, (2) the extent to which you ask questions or make comments/critiques in class that show you have done the readings, (3) your responses to questions asked by the instructor, and (4) your contributions in class on topics related to our weekly themes and discussions.

3. Final Research Paper, Budget Reform Paper, or Essay

Students will develop an original research paper (A), a budget reform paper (B), or an essay (C). Students are free to choose on budgetary issues either in a developing or developed country, or at the international level. The group members and its topic should get approval from the instructor no later than the 6th week of the class (Your submission of a short description of the paper by May 12th will allow Dr. Lim to give feedback and guidance on your research before receiving the final paper). The completed project paper, due on the 10th week of the term (June 11th), shall be no more than 3,000 words for a single student, 5,500 words for two students, and 7,000 words for three students, inclusive of the title, references and tables, and exclusive of appendices. The paper should use the style guide of the American Psychological Association (APA): <https://www.library.cornell.edu/research/citation/apa>

A. Research Paper (For groups or individuals):

There is a final research project in this course, which consists of two parts. The actual research component: complete with developing a theoretical framework relevant for one's research question(s), completing a literature review, conducting hypothesis tests (if necessary), writing sections on descriptive and inferential data analyses (if necessary), and reporting of empirical findings (if necessary) and their policy/practical implications. The presentation component: all research papers are to be presented during the 10th week's class of the semester. Both hard and soft copies of your work should be submitted by June 11th.

B. Budget Reform Paper (For groups or individuals):

This assignment requires you to choose a budget reform effort that has been attempted in a government and analyze its "success" or "failure" juxtaposed against what the reform literature tells you regarding the reform's beneficial possibilities. This

assignment requires that you become familiar with the government's attempt to initiate the reform, the implementation process and any results (good and/or bad) once attempted or implemented. You should complete a well-constructed written assessment of the budget reform experience in the government and include the following sections:

- A description of the government and brief summary of its budgeting process and statistics
- A description of the history of budget reform in the government
- A description of the reform attempted/implemented; reasons reform was attempted; politics behind the effort; challenges for implementation and ongoing success
- Some literature review about the budget reform and possibilities for advancing budgeting in governments, generally
- An objective assessment of areas of success and lack of success of the budget reform effort in the government; you should be able to justify your assessment of success/lack of success
- Your assessment of the future regarding budgeting in the government as a result of the reform process and effort
- A complete reference and resources section

You are welcome but not required to contact past and/or current government officials, managers and/or analysts to gain knowledge about the reform effort.

However, you must appropriately reference any such interviews. All papers are to be presented during the 10th week's class of the semester. Both hard and soft copies of your work should be submitted by June 11th.

C. Essay (Only for individuals):

You are expected to understand the basic ideas and major structure of public budgeting and its system, while taking this class. Therefore, a comprehensive essay is probably a great way to help you organize your thoughts and reflect your critical argument into two big questions: "What is Public Budgeting?" and "How does Public Budgeting (System) work in your country's History?" Based on practical examples that you may learn from course readings (if possible, not mandatory), please answer the two questions. All essays are to be presented during the 10th week's class of the semester. Both hard and soft copies of your work should be submitted by June 11th.

■ Policies and Expectations

1. Attendance

Excused absences include documented illnesses, deaths in the immediate family and

other documented crises, call to active military or jury duty, religious holy days, and official University activities. Accommodations for these excused absences will be made and will do so in a way that does not penalize students who have a valid excuse. Consideration will also be given to students whose dependent children experience serious illness. I do keep track of attendance, and ask that you notify me when you are not going to be in class. Attendance is a factor in the class participation grade.

2. Readings and Class Sessions

Reading is the most important part of the class. The amount of required readings is about 70-100 pages per week, which should be manageable. The class sessions will be interactive; you learn better by participating and articulating your ideas. Thus it is important that you complete the required readings by the date assigned, and that you use the class setting to overcome any stage fright you have about public speaking. The class will be more interesting and beneficial to everyone if you take responsibility for speaking up.

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

The University Honor Code (see IUJ CURRICULUM HANDBOOK) applies to all work in the course. To be acceptable, the written work you submit must reflect your own ideas and be written in your own words. Academic dishonesty includes, but is not limited to:

- *Plagiarism*: quoting or paraphrasing the ideas or opinions of others without appropriate attribution in text citations and a reference list. This includes books, journal articles, conference presentations, published or unpublished papers and web-based materials.
- *Fraud*: submitting work that was not prepared by you, or which you have previously submitted for another class.
- *Cheating*: giving help to other students, or asking them for it, on the final examination.

The consequence of academic dishonesty is a grade of F on the assignment in question, and being reported to the University Academic Honor Committee.

5. Students with Disabilities

If students need special assistance/support in regards to disabilities, please let the instructor and the Office of Academic Affairs know immediately.

6. Syllabus Change Policy

This syllabus is a guide for the course and is subject to change with advance notice. Additional readings and class discussion material may be added during the semester.