V372 and S372 (HONORS) GOVERNMENT FINANCE AND BUDGETS

In order for the public sector in any country to work effectively and efficiently it must employ tools and mechanisms to plan for and control expenditures, raise the necessary revenue to finance these expenditures, and make use of financial management techniques in order to be good stewards of the public’s resources. This course provides an introduction to these topics with an emphasis on budgetary practice, revenue structure and administration, and financial management in the United States.

Required Text and Readings


Additional readings can be found on Canvas or through the link provided in the syllabus. All are required unless otherwise noted as recommended readings.

Your Responsibilities

Attendance

Regular attendance is expected and is a basic courtesy to your classmates, the instructor, and the teaching assistant.

I realize a class that starts at 8:00 am is a real challenge for students, especially undergraduate students. However, my expectation is that you will attend each class meeting unless you have received an excuse from the instructor prior to the missed class. It goes without saying that you should come to class prepared, having completed all assigned readings, exercises, etc. If you think regular attendance or arriving at class at 8 a.m. will be a challenge, you are advised to find another section of V372 or another course that is more suitable to your preferences.

Class Participation

Throughout the course, students will be encouraged (and expected) to be active participants in the class. The instructor regularly will pose questions based on assigned readings, assigned exercises, and current events that are intended to elicit discussion among class participants. The best way to position oneself to
actively participate in these discussions is to prepare for class regularly by doing the assigned readings, working on the assigned and suggested exercises, and staying abreast of current budgeting, finance, and financial management issues (by reading a major newspaper, preferably the Wall Street Journal).

Occasionally unannounced quizzes will be given. In preparation for these unannounced quizzes you should ensure you always have blank paper with you so it can be used for these quizzes. If you are not present when a quiz is administered, you will receive a zero on that quiz. The only exception is if you have already had your absence “pre-approved.”

Examinations

There will be three examinations in the course. The first exam will be on **February 13th.** The second examination will be on **March 8th.** The third exam will occur during the scheduled final examination time period, **Friday May 5, 2016 from 8 am to 10 am.**

Exercises That Will Be Graded

Six exercises from *Governmental Budgeting Workbook: Bridging Theory and Practice* and an income tax assignment will be graded. Details about these graded assignments can be found on Canvas.

Exercises That Will Not Be Graded

Relevant exercises from the Mikesell text and two other exercises – Simple Agency and Local 1984’s Contract -- have been assigned. These exercises will not be graded but some are likely to find their way onto the exams, providing ample incentive to work on them. The assigned ungraded exercises in the Mikesell text are listed by the relevant reading assignment on the tentative schedule below.

Policy Issue Paper (S372 students only)

Each class participant enrolled in the honors section will prepare a policy paper related to a topic or topics discussed in the course. **No later than Wednesday January 25th** participants will select a paper topic from the list below (or s/he may suggest an alternative topic):

- The Future of the Affordable Care Act After Obama
- Tax Reform During the Trump Administration
- Infrastructure Improvements in the Trump Era
- The Trump Effect on Government Expenditures
- The Federal Deficit and Debt During a Trump Administration

Given the relative infancy of the Trump Administration you most likely need to rely heavily on sources of current information about public policy and public sector financial matters. It is incumbent on you to ensure that these sources are reliable and reputable. Please feel free to discuss your ideas with the instructor as you are selecting sources for your research.
In order to ensure reasonable progress on the paper, an outline of the research paper is due no later than Monday March 6th. This will allow the instructor to provide input and guidance before the research is too far along.

Please note the papers should be based on your own research and will be written solely by you. It is essential that you properly “source” the supporting materials used in researching and writing your paper. That means you need to correctly and completely list all of your sources of information and use a generally accepted format for bibliographies and footnotes. Excellent online guides can be found at http://owl.english.purdue.edu/owl/resource/747/01/ http://www.wisc.edu/writing/Handbook/DocChicago.html and in the Bucknell file on Canvas.

The policy paper is due no later than 8 am the last day of class, Wednesday April 26th. It should be submitted through Canvas.

Course Policies

Office Hours

The instructor does not have regularly scheduled office hours due to the uncertainty of his administrative responsibilities. Generally he will be available immediately after class, so if you don’t have class at 9:30 am that will be an ideal time to see him most of the time but not always. If that time is not convenient, appointments can be arranged by contacting his assistant, Ms. Christy Moore (cmgallag@indiana.edu or 855-8783). If you want to contact the instructor via e-mail, please use his regular e-mail address (zorn@indiana.edu) and NOT the Canvas mail messaging utility.

Teaching Assistant

Evan Linskey will be serving as the teaching assistant for the course. Evan will be available each week to assist you with course-related questions. His availability will be communicated to you via Canvas. Evan’s email is elinskey@umail.iu.edu.

Students with Disabilities

For students with disabilities, the instructor will make appropriate accommodations as long as you are registered with Disability Services for Students Office in the Herman B. Wells Library, Room W302. Their phone number is 855-7578. URL is https://studentaffairs.indiana.edu/disability-services-students/index.shtml.

Late Assignments and Missed Examinations

Please note that late assignments will not be accepted, nor will incompletes be granted. Students are required to take examinations at the scheduled times and to hand in assignments on the designated date at the time indicated. There will be no make-up exams. Failure to take an exam or to hand in an assignment at the scheduled time will result in a grade of zero on that exam or assignment. Only in the case of a dire emergency will the instructor consider accepting a student's absence from an examination or a late assignment. If there is such an emergency, the student must contact the instructor or his assistant before or during the exam or before the assignment is due. The student must also be prepared to fully document the emergency with detailed medical or other explanations.
**Academic Misconduct and General Academic Policies**

Cheating and plagiarism are forms of academic dishonesty that cannot be tolerated in university education. Definitions of various types of academic misconduct and University policies for dealing with violations are included in the *Code of Student Rights, Responsibilities, and Conduct*. Please refer to [http://www.iu.edu/~code/](http://www.iu.edu/~code/) for more information. Any student found cheating or plagiarizing will be sanctioned by the instructor.

**Grading**

The weighting of the course elements for the semester grade is:

For V372 Students

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<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>First Examination</td>
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<tr>
<td>Second Examination</td>
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<tr>
<td>Third Examination</td>
<td>20%</td>
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<tr>
<td>Graded Exercises from Budgeting Workbook</td>
<td>30%</td>
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<tr>
<td>Income Taxation Exercise</td>
<td>5%</td>
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<tr>
<td>Unannounced Quizzes</td>
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<tr>
<td>Third Examination</td>
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<tr>
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<td>Unannounced Quizzes</td>
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<tr>
<td>Policy Paper</td>
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**TENTATIVE SCHEDULE OF TOPICS AND ASSIGNMENTS**

**January 9**  
**Introduction**

- Mikesell, Chapter 1
- **Exercise #1 and 4**

**January 11**  
**Budgeting Basics**

- Mikesell, Chapter 2 and Chapter 5, pp. 178-181
- Definitions and terminology handout (Canvas under Readings tab)
- **Exercises #2, 3 and 6 in Chapter 2 and 14 in Chapter 5**

**January 16**  
**Martin Luther King Day – no class**
January 18  Budgeting Basics continued

January 23  Budgeting at the Federal, State, and Local Level
  • Mikesell, Chapters 3 and 4 including appendices
  • “Simple Agency” reading and exercise (Canvas under Exercises tab)

January 25  The Nitty-Gritty of Budgeting
  • Mikesell, Chapter 5 including appendix
  • “Costing Out in the Public Sector” reading (Canvas under Exercises tab)
  • “Local 1984’s Contract” reading and exercise (Canvas under Exercises tab)
  • Exercises #3, 4, 5, 6, 9, 11, 14, and 17

January 30  The Nitty-Gritty of Budgeting continued
  • Mikesell, Chapter 5 including appendix
  • Exercises #3, 4, 5, 6, 9, 11, 14, and 17

February 1  Budget Classifications and Reforms
  • Mikesell, Chapter 6 including appendices
  • (Recommended Reading) “Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance”, GAO-05-117SP, February 1, 2005

February 6 -8  Capital Improvement Programming and Capital Budgeting
  • Mikesell, Chapter 7
  • Examples of Capital Improvement Programs (CIPs)
    o Seattle, Washington
    o Oklahoma City, Oklahoma (the CIP begins on page 494, Section E-1) https://okc.gov/home/showdocument?id=4682
    o Hillsborough County, Florida
    o Boulder, Colorado
• Exercises #1, 2, 3, 4, 7, and 8

February 13  First Exam

February 15  Group Work and Presentations: Exercise #13 “A Case Study of Budgetary Obligations” in Governmental Budgeting Workbook

February 20  Time Allocated for Group Work on Exercise #11 “Performance Budgeting” in Governmental Budgeting Workbook

February 22  Group Presentations: Exercise #11 “Performance Budgeting” in Governmental Budgeting Workbook

February 27  Group Work and Presentations: Exercise #9 “Capital Budgeting” in Governmental Budgeting Workbook

March 1  Exercise Session – in class time devoted to reviewing any questions about assigned exercises

March 6 - 20  Revenue Policy Criteria and Revenue Administration
  • Mikesell, Chapter 8 and Chapter 13, pp. 590-594
  • Tax Expenditure Basics (video) http://www.gao.gov/multimedia/video#video_id=654597
  • (Recommended Reading) Tax Policy: Summary of Estimates of the Costs of the Federal Tax System, GAO-05-878, August 26, 2005
  • Exercise #2

March 8  Second Examination

March 13 - 15  Spring Break

March 22 - 27  Income Taxation
  • Mikesell, Chapter 9
  • Exercises #2, 3, 4, 7, and 8

March 29  Taxes on Consumption
  • Mikesell, Chapter 10
• Exercises #3, 4, and 5

April 3 – 5 Property Taxation
• Mikesell, Chapter 11
• Interesting websites
  • https://monroein.elevatemaps.io/#extent=3278281.7708333335,2957318.2291666665,1513758.8541666667,1346441.1458333333,2245
  • http://prc.chathamcounty.org/
  • http://www.allencounty.us/view-property-record-cards
• Exercises #2, 3, 4, 5, 6, 7, 8 and 9

April 5 Income Tax Exercise Due

April 10 Other Sources of Revenue
• Mikesell, Chapter 12
• Zorn, “User Charges and Fees.” (Canvas under Readings tab)
• Exercises #1, 3 and 4

April 12 Debt Administration
• Mikesell, Chapter 15
• Exercises #3, 4, 6 and 9

April 17 Intergovernmental Fiscal Relations
• Mikesell, Chapter 14
April 19  
Group Work and Presentations: Exercise #14 “Cutback Budget Management” in Governmental Budgeting Workbook

April 24  
Group Work and Presentations: Exercise #5 “Revenue Forecasting” in Governmental Budgeting Workbook

April 26  
Group Work and Presentations: Intergovernmental Fiscal Relations exercise. Program Expenditure Development Exercise is Due.

May 5  
Third Examination 8:00 am to 10:00 am