

# Public Financial Administration

## PADP 6930

Fall Semester 2007  
Wednesdays 3:35 - 6:35 PM  
Classroom: SLC 247  
Office Hours: By Appointment

Instructor: Dr. Deborah A. Carroll  
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### COURSE DESCRIPTION

This course provides an overview of the activities, participants, and politics involved in the collection, custody, and expenditure of public revenue at the federal, state and local levels of government. Topics of discussion include: assessment and collection of taxes, public borrowing and debt administration, preparation and enactment of the budget, financial accountability and audit, and politics of the budgetary process.

### COURSE OBJECTIVES

Upon successful completion of this course, students should be able to:

1. Understand the process, structures, and underlying logic of financial administration in the public sector.
2. Have knowledge of basic principles in public finance, accounting, and economics that relate to public budgeting and the budgetary process.
3. Identify differences in processes, revenue sources, and budgetary challenges that exist between different levels of government.
4. Identify and understand the politics associated with public budgeting at each stage in the process, among participants, and at various levels of government.

Student progress on these learning objectives will be measured through written assignments, in-class discussions, and examinations.

### REQUIRED TEXT

Mikesell, John L. *Fiscal Administration: Analysis and Applications for the Public Sector*, Seventh Edition. Wadsworth Publishers, 2007.

### ADDITIONAL REQUIRED READING

All additional required reading assignments will be made available either through electronic library reserve (password: 6930fall07) or electronic journals.

## **COURSE METHODOLOGY**

Class presentations will be a combination of lecture, class discussion, and small group work format. Students are encouraged to ask questions and participate in class discussions. I want to stress the importance of preparation and participation for class and remind you that we are all learning. My approach is that the questions and discussions are an extremely important part of our learning process, thus are relevant to all those in this learning setting. Please ask questions.

The conceptual material for this course will be covered through class discussions. I will handout discussion questions the week before we will discuss the questions in class. These questions are intended to elicit a response based on course readings and/or critical thinking and informed opinion formation. I expect participation from everyone in class. Please be prepared to participate in these class discussions. These discussion questions will also serve as the essay questions for the mid-term and final exams.

The technical information for this course will be presented in lecture format. Students will also be given problems to work through during class to practice the technical skills covered in lecture. My approach will be to teach this course as a beginning level graduate course that combines conceptual learning and practical application. My assumption is that students have had limited or no prior coursework in public budgeting, finance, accounting and economics. However, the class will be fairly fast-paced with a significant amount of material covered throughout the semester. I do not lecture directly from the readings and my lectures often consist of information that supplements the textbook. Please try not to get behind in the course readings because it will be difficult to catch up.

Because research, analysis, and written and oral communication are important skills for a successful public administrator, students will also be involved in written assignments. The assignments will involve researching topics, analyzing the results, and reporting on the outcomes of their efforts. Assignments will be evaluated for the logical coherency of thought and quality of written presentation.

### **Laptop Computer Use**

The use of laptop computers in my classroom is a privilege and not a right. Laptop computers may be used during class sessions for note taking and demonstrated computer applications ONLY. Laptop computers may not be used during class sessions to check email, surf the Internet, instant message with friends, read the newspaper, or for any other purpose not explicitly related to the course material being covered during the class session. ANY instance of inappropriate use of your laptop computer during class will result in your laptop privileges being revoked for the remainder of the semester. There are NO EXCEPTIONS to this policy.

### **Calculators**

It is recommended that you have a calculator for this class. If you plan to purchase a new calculator, I recommend purchasing a financial calculator. Although we will not use calculators during every class session, it is difficult to plan ahead for every time you might need to use it. So, you should plan to bring your calculator to every class session. You will also be allowed to use calculators on the exams.

## COURSE REQUIREMENTS

### **Mid-Term Exam – 20%**

This will be an in-class, closed book exam. Students will be advised of the nature of the exam in advance of the examination period. Please see the course outline for the exam date. **Make-up exams will not be given.**

### **Final Exam – 20%**

The final exam will cover material discussed in class since the midterm exam (i.e. the final exam is not cumulative). This will be an in-class, closed book exam. Students will be advised of the nature of the exam in advance of the examination period. Please see the course outline for the exam date. **Make-up exams will not be given.**

### **Written Case Study – 20%**

The case study consists of a paper involving budgetary analysis of a practical problem. The project is designed to integrate and apply much of the material covered in the course throughout the first part of the semester. You may choose to complete this project individually or with a partner. Please see the course outline for the due date. **Late papers will not be accepted.**

### **Budget Practices Investigation Project – 30%**

This is a major project that can be completed individually or with a partner. It will familiarize you with the real world practices of budgeting and financial management at the state or local level of government. This project will require you to devote adequate time to a literature review, interviews of government officials, analysis of public documents, and writing a final report. The final report should be no more than 20 double space pages (times new roman, 12 point font, 1 inch margins) and include a detailed bibliography (not counted in the page limit). Be sure to properly cite all referenced materials. Further details on this course requirement will be provided. Please see the course outline for the due date. **Late papers will not be accepted.**

### **In-class Participation – 10%**

All assigned reading is required and should be completed *before* it is discussed in class. Please see the course outline for assigned readings. Students are expected to be prepared to participate in class discussions each week.

## WRITTEN WORK

All written work for this course is to be turned in *at the beginning of class* on the day it is due. I do not accept projects submitted electronically through my email account. If you must be absent from class the day a project is due, the project must be turned in by a classmate at the beginning of class or handed to me in my office *before* class begins. Do not place projects under my office door or in my mailbox, because I cannot guarantee that I will receive them. If a project is turned in by a classmate because of an absence, the instructor bears no responsibility for receiving the document on time. It is your responsibility to make sure that it gets to me. **Late projects will not be accepted and make-ups will not be given.**

Preparing materials for this course can present special challenges to students who have limited experience presenting budgetary and analytical work. As a minimum requirement, all work produced for this course must meet the following standards:

1. All projects turned in must be typewritten. Handwritten work will not be accepted.
2. All arguments should be carefully presented and clearly articulated.
3. Grammar and spelling errors should not exist.
4. Any tables or graphics must be original work, free of any distortion, and informative outside of the paper. Copied computer files, duplicated printouts, etc. will not be accepted.
5. The style of presentation of quoted materials, bulleted information, footnotes, etc. should conform to a consistent style.
6. Any facts or ideas used from other sources should be properly cited.
7. Every paper should include a title, your name, the date, and page numbers.

### **MAKEUP WORK AND EXAMS**

Late projects **WILL NOT** be accepted without a valid University of Georgia excuse. The instructor **WILL NOT** give make-up exams without prior permission and a valid University of Georgia excuse. If you know you will be absent from class the day a project is due or an exam is scheduled, please see me immediately to make arrangements for turning in your project early or taking the exam prior to the scheduled time.

### **ATTENDANCE**

Attendance at every class is expected. If you miss a class, it is your responsibility to obtain complete information on that class from another student in the course. Although I do not have a policy of taking class roll, it is highly recommended that you attend class. In addition, I expect everyone to be on time and ready to begin class promptly at 3:35 PM. I typically make important announcements in the very beginning of class, and it is disruptive to the class when people arrive late.

### **STUDENTS WITH DISABILITIES**

Students who have a disability that requires accommodations should contact the Disability Resource Center to discuss their needs and obtain appropriate paperwork. I cannot make special accommodations for students with disabilities unless students have completed the appropriate paperwork to register with the Disability Resource Center.

### **ACADEMIC HONESTY**

The University of Georgia's academic honesty policy and procedures, known as *A Culture of Honesty*, can be found at the following website:

[http://www.uga.edu/ovpi/honesty/culture\\_honesty.htm](http://www.uga.edu/ovpi/honesty/culture_honesty.htm)

The University of Georgia requires all members of the University community to be responsible for knowing and understanding the policy on academic honesty. In addition, every student must agree to abide by the University of Georgia's academic honesty policy and procedures when applying for admission to the University of Georgia.

The University of Georgia defines **academic honesty** as "performing all academic work without plagiarism, cheating, lying, tampering, stealing, receiving unauthorized or illegitimate assistance from any other person, or using any source of information that is not common knowledge." **Academic dishonesty** is defined as "knowingly performing, attempting to perform, or assisting any other person in performing any academic work that does not meet this standard of academic honesty."

According to the policy's **general standard of conduct**, "No student shall knowingly perform, attempt to perform, or assist another in performing any act of dishonesty on academic work to be submitted for academic credit or advancement. The term 'knowingly,' as used in the preceding sentence, means that the student knows that the academic work involved will be submitted for academic advancement. 'Knowingly' does not mean that the student must have known that the particular act was a violation of the University's academic honesty policy. *A student does not have to intend to violate the honesty policy to be found in violation. For example, plagiarism, intended or unintended, is a violation of this policy.*"

Specific examples of academic dishonesty include:

1. Plagiarism - Submission for academic advancement the words, ideas, opinions or theories of another that are not common knowledge, without appropriate attribution to that other person. Plagiarism includes, but is not limited to, the following acts when performed without appropriate attribution:
  - a. Directly quoting all or part of another person's written or spoken words without quotation marks, as appropriate to the discipline;
  - b. Paraphrasing all or part of another person's written or spoken words without notes or documentation within the body of the work;
  - c. Presenting an idea, theory or formula originated by another person as the original work of the person submitting that work;
  - d. Repeating information, such as statistics or demographics, which is not common knowledge and which was originally compiled by another person;
  - e. Purchasing (or receiving in any other manner) a term paper or other assignment that is the work of another person and submitting that term paper or other assignment as the student's own work.
2. Unauthorized assistance - Giving or receiving assistance in connection with any examination or other academic work that has not been authorized by a faculty member. During examinations, quizzes, lab work, and similar activity, students are to assume that any assistance (such as books, notes, calculators, and conversations with others) is unauthorized unless it has been specifically authorized by a faculty member.
3. Lying/Tampering/Bribery - Bribery or giving any false information in connection with the performance of any academic work or in connection with any proceeding under this policy.

4. Theft - Stealing, taking or procuring in any other unauthorized manner (such as by physical removal from a professor's office or unauthorized inspection of computerized material) information related to any academic work (such as exams, grade records, forms used in grading, books, papers, computer equipment and data, and laboratory materials and data).
5. Other - Failure by a student to comply with a duty imposed under this policy. However, no penalty is imposed under this policy for failure to report an act of academic dishonesty by another or failure to testify in an academic honesty proceeding concerning another."

Finally, the policy states that "any behavior that constitutes academic dishonesty is prohibited even if it is not specifically listed in the above list of examples."

**ANY INSTANCE OF ACADEMIC DISHONESTY WILL RESULT IN A GRADE OF F FOR THE COURSE.** In addition, the instructor reserves the right to pursue further academic disciplinary action. It is your responsibility to adhere to the University of Georgia's policies concerning academic honesty.

**THIS SYLLABUS PROVIDES A GENERAL PLAN FOR THE COURSE.  
MODIFICATIONS AND ADJUSTMENTS TO THE SYLLABUS MAY BE MADE AS THE  
SEMESTER PROGRESSES.**

## COURSE OUTLINE

### I. PRINCIPLES IN PUBLIC FINANCE AND BUDGETARY LOGIC

#### A. Public Finance

- Government intervention in the economy
- Market failure
- Public vs. private goods
- Public vs. private provision

Reading: Mikesell, Chapter 1

Gruber, *Why Study Public Finance?*, Chapter 1 pages 1-9; *Public Goods*, chapter 7 (library reserve)

#### B. Budgetary Theory and Logic

- Budgetary theory vs. practice
- Legal and institutional context of public budgeting
- Budget process and logic
- Functions of the budget process
- Federal, state, and local government expenditures

Reading: Mikesell, Chapter 2 pages 31-48

Smith and Lynch, *Public Budgeting in Context*, pages 35-43 (library reserve)

Schick and LoStracco, *The Evolution of Federal Budgeting: From Surplus to Deficit to Surplus*, pages 122-142 (library reserve)

Joyce, "Federal Budgeting After September 11<sup>th</sup>: A Whole New Ballgame, or Is It Déjà vu All Over Again?" *Public Budgeting & Finance* (2005), 25 (1): 15-31

Ruchelman, *The Finance Function in Local Government*, pages 3-26 (library reserve)

Bahl, *Local Government Expenditures and Revenues*, pages 79-89 (library reserve)

### II. BUDGET PREPARATION AND ENACTMENT

#### A. The Budget Cycle

- Federal budget process
- State and local budget processes
- Monetary and fiscal policy
- Mandatory vs. discretionary spending
- Budget deficits and balanced budget requirements

Reading: Mikesell, Chapter 2 pages 48-56; Chapter 3

Smith and Lynch, *Public Budgeting in Context*, pages 43-70 (library reserve)

Lauth and Reese, "The Line-Item Veto in Georgia: Fiscal Restraint or Inter-Branch Politics?" *Public Budgeting & Finance* (2006), 26 (2): 1-19

Boskin, "Sense and Nonsense About Federal Deficits and Debt," *The Economists' Voice* (2004), 1 (2): Article 7

Johnson, "The State of the Tobacco Settlement: Are Settlement Funds Being Used to Finance State Government Budget Deficits? A Research Note," *Public Budgeting & Finance* (2004), 24 (1): 113-125

Poterba, "Balanced Budget Rules and Fiscal Policy: Evidence From the States," *National Tax Journal* (1995), 48 (3): 329-336

#### B. Operating Budgets

- Budget methods and practices
- Analyzing budget requests
- Budget balancing techniques
- Budget execution

Reading: Mikesell, Chapter 4 pages 141-145 and 151-161

Solano, *Budgeting*, pages 155-166, 168-185 and 200-206 (library reserve)

Smith and Lynch, *Budget Behavior*, pages 137-148 (library reserve)

#### C. Capital Budgeting, Planning and Analysis

- Rationale for capital budgeting
- Capital budget process
- Determining costs
- Investment decisions
- Cost-benefit analysis

Reading: Mikesell, Chapter 4 pages 145-151; Chapter 6

Solano, *Budgeting*, pages 166-168 (library reserve)

Vogt, *Capital Budgeting: Rationale, Scope, and Policy Framework*, pages 1-17 (library reserve)

Vogt, *Capital Budgeting Process: Model and Practice*, pages 19-32 (library reserve)

Vogt, *Prioritizing Capital Projects*, pages 90-118 (library reserve)

Wang, *Cost Estimation*, pages 42-52 (library reserve)

Wang, *Incremental Cost Analysis*, pages 63-67 (library reserve)

#### D. Budget Reform

- Reform movements
- Alternative budget formats
- Performance and program budgets

Reading: Mikesell, Chapter 5

Jones and McCaffery, "Assessing Options for Changing the Federal Government Budget Process," *Public Finance and Management* (2002), 2 (3): 436-469

Burns and Lee, "The Ups and Downs of State Budget Process Reform: Experience of Three Decades," *Public Budgeting & Finance* (2004), 24 (3): 1-19

**MID-TERM EXAM - OCTOBER 10**

III. THE POLITICS OF PUBLIC BUDGETING

Reading: Mikesell, Chapter 2 pages 61-69  
Individual selections of articles presented by students

**NO CLASS - OCTOBER 24**

**WRITTEN CASE STUDIES DUE - OCTOBER 31**

IV. TAX ASSESSMENT AND COLLECTION

A. Tax Systems and Policies

- Federal, state and local revenue policy
- Standards for tax policy
- Types of taxation
- Externalities and distortionary effects of taxes
- Equity in taxation

Reading: Mikesell, Chapter 7; Chapter 9 pages 378-379  
Mikesell, "Changing Revenue Policy in the United States: An Overview of the Record and Perennial Puzzles," *Public Budgeting & Finance* (2005), Special Issue: 99-126  
Slemrod, "The Role of Misconceptions in Support for Regressive Tax Reform," *National Tax Journal* (2006), LIX (1): 57-75

B. Tax Structure and Administration

- Valuation and assessment
- Tax collection systems
- Intergovernmental fiscal relations
- Revenue forecasting

Reading: Mikesell, Chapter 12; Chapter 13; Chapter 14  
Wang, *Revenue Forecasting*, pages 3-20 (library reserve)

**NO CLASS - NOVEMBER 14 AND 21**

C. The Big Three Taxes

- Income tax
- Sales tax
- Property tax

Reading: Mikesell, Chapter 8; Chapter 9 pages 372-399; Chapter 10

D. Other Tax and Nontax Revenue Sources

- Taxes on gambling
- User charges and fees
- Public monopolies

Reading: Mikesell, Chapter 11

Bierhanzl and Downing, *User Charges and Special Districts*, pages 315-351 (library reserve)

Anderson, "Casino Taxation in the United States," *National Tax Journal* (2005), LVIII (2): 303-324

V. BORROWING AND DEBT ADMINISTRATION

A. Debt Administration

- Types of debt
- Bond structure
- Issuing debt
- Debt management

Reading: Mikesell, Chapter 15

Vogt, *Types of Debt*, pages 177-215 (library reserve)

Hildreth and Zorn, "The Evolution of the State and Local Government Municipal Debt Market Over the Past Quarter Century," *Public Budgeting & Finance* (2005), Special Issue: 127-153

B. Working Capital Management

- Managing idle cash
- Employee retirement funds

Reading: Mikesell, Chapter 16

Wang, *Cash Management: Determining the Optimal Cash Balance*, pages 99-109 (library reserve)

Coggburn and Reddick, *The Management of Public Pensions*, pages 423-462 (library reserve)

Larson, *Cash and Investment Management*, pages 451-477 (library reserve)

**BUDGET PRACTICES INVESTIGATION PROJECTS DUE - DECEMBER 5**

**FINAL EXAM - DECEMBER 12**