

PP 5364 Public Finance and Budgeting

School of Public Policy
University of Connecticut

Spring 2024

Tuesday 5:00-7:30 pm

Office hours: Thursdays 3:00-4:00 pm
via Zoom or by appointment

Instructor: Dr. Jinhai Yu

Classroom: SHH 111

Office: HTB 418

Email: jinhai.yu@uconn.edu

Course Description

Course Description from Course Catalog: Techniques, practice, and organization of financial functions in governmental organizations, including revenue analysis, budgeting skills, and financial statement analysis.

Additional description: This course is designed to overview three critical public budgeting and finance areas: budgeting, financial management, and taxation. This class is a graduate-level introductory treatment of these topics. The objective is to familiarize you with the fundamental lessons and tools necessary to make informed judgments in these areas.

Course Objectives

After taking this course, students should be able to:

- Understand the economic reasons for government intervention.
- Understand budget cycles, techniques, and reforms.
- Interpret government budgets and financial reports.
- Apply the tax evaluation criteria to analyze revenue options.
- Create a flexible budget that can adapt to changing variables.

Prerequisites

This course has no formal prerequisites, but familiarity with the basic principles of microeconomics is assumed. Familiarizing yourself with basic concepts in mathematics and algebra will also be helpful when we cover the analytic components of the material. Students who have not had recent exposure to microeconomics may find Harvey Rosen's review, "Some Basic Microeconomics," to be a helpful tutorial. Students are expected to have a basic working knowledge of Microsoft Excel (see more below).

Textbooks

The following textbook is recommended:

Mikesell, John. *Fiscal administration*. Tenth Edition, Cengage Learning, 2018. (Ninth edition will also work.)

All readings, including the required chapters from the textbook above, can be downloaded from the course website on HuskyCT. Lecture slides provide links to the videos when applicable. *Readings with * are required; all others are recommended only.*

Software: Microsoft Excel 2019

Microsoft Excel 2019 is supported at the University and is available in all UConn computer labs and the online desktop environment skybox.uconn.edu. Access to Microsoft Excel is available to Uconn students for home use for free through this link: <https://software.uconn.edu/software/office-365/>.

Microsoft provides a superb set of Excel tutorials to review if you need to improve your spreadsheet skills. In particular, you should be able to use Excel formulas and functions (sum, countif, if, ifs, sumif, roundup, etc.). Your Excel skills will not be graded per se but will be part of your performance on the budgetary assignment project. Given the limited space of the course, we will not cover the basics of Excel in class. However, we will provide some in-class Excel tutorials for the budgetary assignment.

Evaluation Criterion

Your grade will be determined as follows.

Assignment	Points
Quiz (5)	30
Memo (2)	20
Case analysis (2)	20
Budget assignment (1)	30
Total	100

Grading Scale

Grade	Letter Grade	GPA
93-100	A	4.0
90-92	A-	3.7
87-89	B+	3.3
83-86	B	3.0
80-82	B-	2.7
77-79	C+	2.3
73-76	C	2.0
70-72	C-	1.7
67-69	D+	1.3

63-66	D	1.0
60-62	D-	0.7
<60	F	0.0

Letter of Introduction

Before the second week of class, please write a one-page letter introducing yourself. You can include courses taken that are relevant to this class, your career goals, your expectations for this course, or any fun facts you would like to share. The letter will not be graded but is required.

Class participation

I expect students to participate actively in class discussions. Lectures will be focused on fundamental concepts or applications, and they can be abstract. Ask a question. Slow the class down. You may be doing your classmates a favor if they have similar questions. More importantly, your participation is essential to your peers' learning experience. Your absence from the class thus imposes a cost on the rest of the class. Students who participate in class actively tend to submit assignments of higher quality and earn higher scores. Note that you cannot participate if you do not attend class.

Quizzes (5*6 points=30 points)

There will be 5 open-book, open-note quizzes, with 6 points each and 30 points. The quizzes help you track your progress in grasping the concepts. The quizzes include multiple-choice, true or false, matching questions, etc. The quizzes do not require much computation. You can complete each quiz up to *twice*, and the higher grade will be recorded as your final score. All quizzes will be conducted via HuskyCT. You will have *two weeks* to complete a quiz. I strongly encourage you to complete the quizzes shortly after the content is covered in class. I will drop one quiz with the lowest grade if you submit all 5 quizzes. This assignment must be submitted individually.

Memos (2*10 points=20 points)

You will write two memos on budgeting or finance topics, worth 10 points each. The memos should be one page long, single-spaced, and 12 font size. They will allow you to apply the course's concepts or tools to analyze an issue in the real world. You will have *three weeks* to complete each memo. Separate guidelines for each memo will be distributed on HuskyCT. This assignment must be submitted individually.

Case Analyses (2*10 points=20 points)

You will analyze 2 cases of public budgeting, with 10 points each. You must answer specific questions based on case materials. The goal is to offer you a chance to apply the budgeting concepts and tools to analyze budgeting issues. You will have *three weeks* to

complete each case analysis. Separate guidelines for each case will be distributed on HuskyCT.

You can submit the case analyses (1) as a group of 2 students or (2) individually. If you submit the case analyses as a group, you must also submit a peer evaluation form. A team evaluation form will be distributed on HuskyCT. For the case analyses submitted in groups, the team evaluation will count for 20% of the grade, and the case analyses will count for 80% of the grade. The case analyses submitted by individual students will count 100%.

Budget Assignment (30 points)

One of the fundamental skills of budget analysis is the ability to build and analyze a flexible budget. This exercise with Excel contains *two* parts, with 15 points for each part. Detailed instructions for this assignment will be posted on HuskyCT separately. However, there are *three* deadlines for this project.

Budget Assignment, part 1: You must complete the first part of the budget assignment on your own. There are two deadlines. By the first deadline, you should submit your parameter sheet (5 points); by the second deadline, you will create an annual budget and answer questions (10 points).

Budget Assignment, part 2: You must complete the second part of the budget assignment as a group. You should work in groups of up to 3 students. You are responsible for forming a group and notifying the instructor of the group formation. If you do not form a group by the deadline, I will assign you to a group based on the alphabetical order of your last names. Your group will make a budget presentation in class in the final week. Your report and presentation are due in the last week of class. You will receive 10 points for your report and 5 points for your presentation.

Schedule of assignments

Assignment	Available	Due
Quiz 1	1/23	2/13
Case 1 The Theater Budget	1/30	2/27
Budget Assignment, Part 1—parameters	2/6	2/20
Budget Assignment, Part 1—annual budget	2/6	3/19
Budget Assignment, Part 2	2/6	4/23
Quiz 2	2/13	3/5
Memo 1 Budget Simulation Exercise	2/13	3/5
Quiz 3	2/27	4/2
Case 2 Seven Letters	3/5	4/2

Quiz 4	3/19	4/16
Memo 2 Analyzing the Window Tax	3/19	4/9
Quiz 5	4/2	4/30

Late Assignments

Unless otherwise noticed, assignments are due at 11:59 PM EST on the dates and times indicated. Late assignments will result in a 10% reduction in the assignment grade. Please contact me ahead of time if there are any special circumstances. No late assignments will be accepted after April 30, 2024. There are no exceptions to this final deadline.

Communication

Questions about the class should be emailed to jinhai.yu@uconn.edu. Please put the course number in the subject line. Make sure to use your university email address. As graduate students, your email should be written professionally. Please start working on your assignments early and avoid asking questions at the last minute before the due dates. You can expect responses within *two* business days (Monday to Friday, 9:00 AM to 6:00 PM).

Grading Grievances

If you have any questions about your grade on an assignment, please wait until the next day after receiving your assignment before discussing the grade with me. There are no exceptions to this policy.

If you wish to have an assignment re-graded, please let me know within *three* business days of receiving it. If you ask for a grade change, you must provide specific, concrete written evidence for your request. This process can lead to your grades increasing, decreasing, or staying the same. Generic concerns will not lead to a review of the grades. However, I am happy to advise you on how to improve in future assignments.

Class Courtesy

Each student contributes to class learning by being courteous to peers and the instructor. I expect students to behave as *responsible professionals*. For instance, if you have a question, please raise your hands. Whispering in class does not contribute to your learning and is disruptive to your peers and the instructor.

Students should come to class on time and leave class when it is dismissed. Leaving early without legitimate reasons is disruptive to learning in the classroom. Students who expect to leave early should consult the instructor before class. Food or drink is allowed to the extent that it is not disruptive to others.

For more information, refer to “The Student Code” here:

<https://community.uconn.edu/the-student-code-preamble/>. Also, please refer to “Policy

Against Discrimination, Harassment and Related Interpersonal Violence”
<https://policy.uconn.edu/2015/12/29/policy-against-discrimination-harassment-and-related-interpersonal-violence/>.

Electronic Devices

Laptops are allowed for note-taking only. Cell phones or other electronic devices must be turned silent in class.

Students with Disabilities

Before the *second* week of class, please see me for academic accommodations for a documented disability.

The University of Connecticut is committed to protecting the rights of individuals with disabilities and assuring that the learning environment is accessible. Students who require accommodations should contact the Center for Students with Disabilities, Wilbur Cross Building Room 204, (860) 486-2020, or <http://csd.uconn.edu/>. The University policy can be accessed here: <https://policy.uconn.edu/2011/05/24/people-with-disabilities-policy-statement/>.

Academic Integrity

I expect the highest standard of academic integrity for each student. Cheating, plagiarism, or academic misconduct will not be tolerated. For instance, students should work on their own for the quizzes; failure to do so results in academic misconduct.

All students are expected to act in accordance with the Guidelines for Academic Integrity at the University of Connecticut. If you have questions about academic integrity or intellectual property, you should consult with me or consult UConn’s [guidelines for academic integrity](#). Posting course material on student tutoring and course-sharing websites (e.g., Chegg, Course Hero) may be a violation of my copyright and intellectual property and a violation of academic integrity. Many of you may also be aware of the recent release of ChatGPT3, a Large Language artificial intelligence (AI) model that has the capacity to quickly produce text on a range of topics. ChatGPT3 aggregates the ideas and insights of many researchers without giving them credit. Submitting ChatGPT-generated text as your own work would be an act of plagiarism insofar as it would involve passing off the work of others as your own. For these reasons, unless otherwise explicitly permitted, you are not allowed to use this ChatGPT or other similar tools to produce essays or other academic work for this class. You should also know that the university has AI detection software that distinguishes between AI-generated content and human-generated content.

For more information, students should consult the University’s policy on scholarly

integrity: <https://policy.uconn.edu/2023/07/11/academic-scholarly-and-professional-integrity-and-misconduct-aspim-policy-on/>

Accommodations for Illness or Extended Absences

Please stay home if you are feeling ill, and please go home if you are in class and start to feel ill. If illness prevents you from attending class, it is your responsibility to notify me as soon as possible. You do not need to disclose the nature of your illness. However, you will need to work with me to determine how you will complete coursework during your absence.

If life circumstances are affecting your ability to focus on courses and your UConn experience, students can email the Dean of Students at dos@uconn.edu to request support. Regional campus students should email the Student Services staff at their home campus to request support and faculty notification.

Statement on Copyright

My lectures, notes, handouts, and displays are protected by state common law and federal copyright law. They are my own original expression and I've recorded them prior or during my lecture in order to ensure that I obtain copyright protection. Students are authorized to take notes in my class; however, this authorization extends only to making one set of notes for your own personal use and no other use. I will inform you as to whether you are authorized to record my lectures at the beginning of each semester. If you are so authorized to record my lectures, you may not copy this recording or any other material, provide copies of either to anyone else or make a commercial use of them without prior permission from me.

Disclaimer

The instructor reserves the right to make changes to the syllabus. All changes will be announced on the course website on HuskyCT.

Date	Topics & Readings	Assignment Distributed
1/16	Introduction	Quiz 1
1/23	Economic Roles of Government <i>Size of government, public goods, public choices</i>	
	*Mikesell Chapter 1: “Fundamental Principles of Public Finance,” pp. 1-22, pp. 30-34	
	Urban Institute. State and Local Expenditures.	
	Urban Institute, State Fiscal Briefs, Connecticut., July 2023	
	<i>Recommended</i>	
	Jahan, Sarwat, Ahmed Mahmud, and Chris Papageorgiou. (2014). What Is Keynesian Economics? IMF.	
	Federal Reserve Bank of Philadelphia. The Federal Reserve and You , Chapter 1 (Segment 105). (Video)	
	Harvey Rosen, “Some Basic Microeconomics”	
1/30	Budget Process <i>Budget cycle, forecasting, inflation</i>	Case 1 The Theater Budget
	*Mikesell Chapters 2: “The Logic of the Budget Process,” pp. 54-68, pp. 71-79.	
	*Mikesell Chapter 2: “Deflating: Dividing between Real Change and Price Change,” Sidebar 2-1.	
	*Mikesell Chapters 3: “Growth Rates and Simple Forecasts,” pp. 106-110	
	<i>Recommended</i>	
	“West Virginia University Banked on Growth. It Backfired”, WSJ, 8/28/2023.	
	NASBO, “The State Budget Process.” (Video)	
	The Economist, “High inflation: What you need to know.” (Video)	
	Connecticut’s budget process explained - CT Mirror, Feb. 8, 2023.	
2/6	Budget Design <i>Cost Estimation, break-even analysis, flexible budget design</i>	Budget assignment

*Mikesell Chapters 3: “Budget Methods and Practices,” pp. 115-121.

Online video on the summer camp budget

Review of Excel Basics handout

Recommended

Finkler, Steven A. *Financial Management for Public, health, and Not-for-profit Organizations*. Chapter 4, "Understanding Costs," pp.124-138.

Review of Algebra handout

Please bring a laptop to class for the class budget spreadsheet tutorial if you have one.

2/13 **Budget Decision**

Budget preparation, budget strategies, budget incrementalism

*Mikesell Chapters 3: “Budget Methods and Practices,” pp. 110-131, skip pp. 115-121.

*Mikesell Chapters 2: “Budgets and Political Strategies,” pp. 87-97.

Elizabeth McNichol & Dylan Grundman, 2011. “The Current Services Baseline: A Tool for Understanding Budget Choices”. Center on Budget and Policy Priorities.

Recommended

Mayor’s Proposed Budget: FY 2021-2022, New Haven, CT. (Video)

GFR, “Kansas City Uses Data to Tell Its Budget Story and Engage Residents,” 2021.

2/20 **Budget Reform**

Process model, line-item budgeting, performance budgeting

*Mikesell Chapters 6: “Budget System Reforms,” pp. 260-277; pp. 286-299

GFOA, “10 Steps to Identifying Appropriate Performance Measures,” 2021

Governing, “Performance-Based Budgeting Takes Off in States,” 2014

Recommended

IMF, “A Basic Model of Performance-based Budgeting”

Quiz 2

Memo 1
Budget
Simulation
Exercise

2/27 **Capital Budgeting & Financing**

Quiz 3

Capital budgeting, time value of money, municipal bonds

*Mikesell, Chapter 7: "Capital Budgeting," pp. 311-331

Mark Robbins and Bill Simonsen. "Municipal Securities." *Encyclopedia of Public Administration and Public Policy*. New York. Marcel Dekker. pp. 795-799.

Recommended

DC Public Schools-What is the Capital Improvement Plan? (Video)

NYT, "Will New York City's Soccer Stadium Cost Taxpayers \$0 or \$516 Million?" 1/13/2023.

Congressional Research Service, Tax-Exempt Bonds: A Description of State and Local Government Debt, <https://sgp.fas.org/crs/misc/RL30638.pdf>

3/5 **Financial Reporting**

Case 2 Seven letters

Bases of accounting, ACFR, Popular Financial Reporting

*Dean Michael Mead, A brief introduction to governmental accounting and financial reporting, GASB, 2017.

Yusuf, Juita-Elena, Meagan M. Jordan, Katharine A. Neill, and Merl Hackbart. "For the people: Popular financial reporting practices of local governments." *Public Budgeting & Finance* 33, no. 1 (2013): 95-113.

Recommended

Texas Comptroller, "Comprehensive Annual Financial Report" (Video)

Finkler, S., Daniel Smith and Thad Calabrese. 2019. *Financial Management for Public, Health and Non-profit organizations*. Chapter 12, pp. 437-445; Chapter 13

3/12 **Enjoy your spring break!**

3/19 **Evaluating Revenue Options**

Quiz 4

Efficiency, equity, adequacy, feasibility

*Mikesell, Chapter 8: "Taxation: Criteria for Evaluating Revenue Options," pp.363-393.

Memo 2 analyzing the Window Tax

Wallace Oates and Robert Schwab, 2014. The Window Tax: A Transparent Case of Excess Burden. Land Lines, Lincoln Institute of Land Policy.

Urban Institute. State and Local Revenues.

Recommended

NASBO, “State Taxes and Revenues” (Video)

The Economist, “The Hidden Cost of Taxes”

The Economist, “How to tax sugary drinks”

Oates, Wallace E., and Robert M. Schwab. "The window tax: A case study in excess burden." *Journal of Economic Perspectives* 29, no. 1 (2015): 163-180.

3/26 **Individual Income Tax**

Logic, structure, and evaluation

*Mikesell, Chapter 9: “Income Taxes,” pp. 411-440.

Urban Institute. 2023. “Individual Income Taxes.” <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-and-local-backgrounders/individual-income-taxes>

Recommended

WSJ, “What’s Your AGI? The Key Number That Helps Explain Your Taxes” (Video)

NYT, “We All Want Simpler Taxes. Here’s Why That’s So Complicated”

4/2 **Sales Tax**

Logic, structure, and evaluation

Quiz 5

Mikesell, Chapter 10: “Taxes on Goods and Services,” pp. 462-500.

Urban Institute. 2023. “General Sales Taxes and Gross receipts Taxes” <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-and-local-backgrounders/sales-taxes>

Recommended

IMF, “What is VAT?” (Video)

The Economist, “Sin” taxes—eg, on tobacco—are less efficient than they look, 2018.

4/9 **Property Tax**

Logic, structure, and evaluation

*Mikesell, Chapter 11: “Property Taxes,” pp. 524-556

Urban Institute. 2023. “Property Taxes.” <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-and-local-backgrounders/property-taxes>

Recommended

New York Times, ‘The Untouchables’: How Columbia and N.Y.U. Benefit from Huge Tax Breaks”

Municipal Property Assessment Corporation, “How Your Property Tax is Calculated” (Video)

Zoodrow, George R. 2006. "Who Pays the Property Tax?" *Land Lines*. Lincoln Institute of Land Policy. April. pp. 14-19.

4/16 **Open week for working on budget project, guest speakers, or make-up classes.**
4/23 **Student Presentations**