

## PP 5364 Public Finance and Budgeting

School of Public Policy

University of Connecticut

Wednesday 4:00-6:30 pm, HTB 208

Spring 2023

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Office Hours: Thursday 4:00-5:30 pm or by appointment

### Course Description

This course is designed as an overview of three key areas of the field of public budgeting and finance: budgeting, taxation, and financial management. This class is a graduate-level introductory treatment of these topics. The objective is to familiarize the student with the fundamental lessons and tools necessary to make informed judgments in this area.

Those of you who are interested in concentrating on public finance will find that this course introduces you to the various specialties within the field. The course will provide you with a foundation from which you can go on to the more advanced courses offered in this school. Mastery of the basic concepts will be essential for your success in further related courses.

For those of you who are specializing in other areas or are interested in general public policy and public management, this class will help to prepare you for various aspects of professional life; these include identifying and evaluating revenue sources, reading and preparing financial documents, participating in the performance and financial audits and program design and evaluation activities. Many of the best public sector and non-profit managers have extensive training in the area of public budgeting and finance.

### Course Objectives

Objective	Assessment
1. Recognize the parts of the budget process	Problem sets and quizzes
2. Create a flexible budget that can adapt to changing variables	Completion of a spreadsheet-based budgeting case exercise
3. Complete analytical tasks in budgeting and finance	Problem sets and quizzes and budget exercise
4. Differentiate between different bases of accounting	Quiz and essays

5. Apply the tax evaluation criteria to policy proposals	Quiz, essays, and problem sets
6. List the strengths and limits of public expenditure choice mechanisms	Quiz and essays

### **Prerequisites**

There are no formal prerequisites for this course, 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 the review provided by Harvey Rosen, “Some Basic Microeconomics,” to be a helpful tutorial.

### **Textbooks**

We will use the following textbook:

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

All readings, including required chapters from the textbook above, can be downloaded from the course website on HuskyCT. Students are responsible for access to HuskyCT and checking course announcements on a regular basis.

### **Software: Microsoft Excel 2019 (Office Professional Edition)**

Students are expected to have a basic working knowledge of Microsoft Excel. 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 set of superb tutorials for Excel that you should review if you are not already proficient in spreadsheet skills. In particular, you should be able to use Excel formulas and functions (sum, countif, if, ifs, sumif, roundup, etc.). You will find two online resources for Excel tutorials from the reading list, which provide short videos on various topics. 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 basic skills 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
Participation	3
Weekly questions	4
Quizzes	20
Problem sets	33
Budgetary assignments	20
Essays	20
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

## Participation

I expect students to participate actively in class discussions. You can ask or respond to your peer's and instructor's questions. Lectures will be focused on fundamental concepts or applications. They can be abstract. Ask a question. Slow the class down. You may be doing your classmates a favor if they have similar questions. Note that you cannot participate if you do not attend class. There will be 3 points for class participation.

## Weekly Questions

Students must read the assigned material before class to achieve the course goals. Students should submit *two* questions about the readings for each module on HuskyCT. There are 12 modules in total; no weekly questions are required if that week is not designated a learning module. The questions are due at *4:00 PM EST on Wednesdays* when a module is covered.

The questions should reflect that students have read the assigned materials carefully and thought critically about them. The questions will be graded based on completion, but they must be relevant to the readings of the week. There will be 4 points for this assignment.

### **Problem Sets**

Problem sets offer students the opportunity to practice the analytic skills of the course, but there are also some general comprehension questions. The problems are based on the lectures and one or more of the readings for that specific module. The problem sets will be distributed through HuskyCT after the topic is covered in class and due Tuesdays of the following week. The problem sets may be repeated to encourage and reward practice. There will be 11 problem sets, 3 points each. You may attempt a problem set up to *three times*. Your grade will be your highest score of the three attempts.

### **Quizzes**

The quizzes cover multiple modules with analytic and comprehension questions. Many, but not all, questions will have appeared in a similar form in the problem sets. There will be two quizzes, 10 points each. The first quiz covers material from modules 1–7, and the second covers the material in modules 8–12. The quizzes will be distributed two weeks before the due dates. You may attempt a quiz *twice*. Your grade will be your highest score of the two attempts.

Note: Once begun, you must complete a problem set or quiz in the same session. If you click off of the page with the problem set, it will be submitted, and you will not be able to retrieve it.

### **Budget Spreadsheet Exercises**

One of the most fundamental skills of budget analysis is the ability to build and analyze a flexible budget. It can take a long time to get the hang of this in Excel if you have not done something similar before. For most students, these assignments are the most time-consuming in the course. This exercise contains two parts, with 10 points for each part.

You will complete the first part of the assignment by yourselves and complete the second part as a group. Students should work in groups of 4-6. Your group will make a budget presentation in class in the final week. Detailed instructions for this assignment will be posted on HuskyCT separately.

### **Essays**

The ability to write in a clear way and pull all of the ideas about a topic together into a compelling response is central to the goals of this course. There are two sets of essay questions, with 10 points for each set. Each essay asks you to write in response to two

questions. Two essay questions will be served to you out of a population of ten questions that you can see in advance. The essay questions will be distributed *two* weeks before the due dates. The essays are timed to invoke some traditional test conditions. You will have one hour to complete each essay. You may only complete the essays *once*.

You are encouraged to study the ten questions with your classmates but be careful to ensure that your answers are your own. An additional caveat is that sometimes incorrect ideas get validated in groups. If you have uncertainty about an essay question and what it means or how to approach it, I welcome your queries.

### **Syllabus quiz**

This quiz aims to help familiarize students with the syllabus content. Grading is based on completion. *The quiz is optional and worth an extra 1 point.*

### **Estimated Out-of-class Workload (14 weeks)**

<b>Activity</b>	<b>Description</b>	<b>Hours per activity</b>	<b>Total (Hours)</b>
Reading Assignments	60 pages per week	2	28
Weekly questions	2 questions per week	0.2	2.8
Quizzes	2 quizzes	4	8
Problem sets	11 problem sets	1	11
Budget exercises	2 parts	8	16
Essays	2 sets	5	10
Estimated workload		5.41 hours/week	

Of course, this estimate is somewhat arbitrary. That said, on average, you should spend about 5 hours on this course outside of class. You will unlikely accomplish the course learning goals if you spend 1-3 hours per week.

### **Late Assignments**

Unless otherwise noticed, assignments are due at 11:59 PM EST on the dates and times indicated. Be sure to note the dates, as there are many of them across the semester. 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 May 3, 2023. There are no exceptions to this final deadline.

### **Grading Schedule and Communication**

You will see the problem set and quiz grades after you submit them or after the due date. Essay grades will be posted within one week of their due dates. The budget assignments will be graded

within two weeks of submission.

Questions about the class should be emailed to [jinhai.yu@uconn.edu](mailto: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. You can expect responses to questions within three business days.

### **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 after you receive 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. But I am happy to provide advice on how to improve in future assignments.

### **Class Courtesy**

Each student contributes to class learning by being courteous to his or her peers and the instructor. I expect students to behave as *responsible professionals*. For instance, if you have a question, please raise your hands. Needless to say, whispering in class does not contribute to your own 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/>.

*Each instance of violation of the class courtesy will result in a 30% deduction in the participation score.*

### **Electronic Devices**

Laptops are allowed for note-taking only. Cell phones or other electronic devices must be turned silent in class. Students whose cell phone or other device rings and who do not have a legitimate reason for receiving a phone call will receive a 30% reduction in the

participation score. Likewise, using laptops for tasks unrelated to this class will result in a 30% reduction in the participation score.

### **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.

For more information, students should consult the University's policy on scholarly integrity for graduate students at <https://policy.uconn.edu/2014/04/11/policy-on-scholarly-integrity-in-graduate-education-and-research/>.

### **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](mailto: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.

COVID-19 Specific Information can be found here:

<https://studenthealth.uconn.edu/updates-events/coronavirus/>

### **Mask and Social Distancing Expectations**

Refer to [UConn Campus Guidelines](#) for ongoing updates. Please be respectful of the

wishes of those who prefer to maintain social distancing. For their own protection, unvaccinated individuals are requested to maintain 6 feet of social distancing from others.

### **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.

## Weekly Schedule

MODULE	DATE	TOPIC & READINGS	ASSIGNMENTS DUE
	1/18	<p><b>Introduction</b></p> <p>Harvey Rosen, “Some Basic Microeconomics”</p> <p>Excel Tutorials, <a href="https://edu.gcfglobal.org/en/excel/">https://edu.gcfglobal.org/en/excel/</a> (5. Cell Basics, 13. Intro to formulas, 14. Creating more complex formulas, 15. Relative and absolute cell references, 16. Functions, 23. Charts)</p> <p>Also, see <a href="https://support.microsoft.com/en-us/office/excel-video-training-9bc05390-e94c-46af-a5b3-d7c22f6990bb">https://support.microsoft.com/en-us/office/excel-video-training-9bc05390-e94c-46af-a5b3-d7c22f6990bb</a></p>	<p>Syllabus quiz by 1/24</p>
1	1/25	<p><b>Budget Concepts, Break-Even Analysis</b></p> <p>Finkler, Steven A. <i>Financial Management for Public, health, and Not-for-profit Organizations</i>. Chapter 4, "Understanding Costs," pp.95-112.</p> <p>Mikesell, Sidebar 5-1 pp. 190-191, “Break-Even Analysis”</p>	<p>Problem Set #1 by 1/31</p>
2	2/1	<p><b>Budget Process, Growth Rates</b></p> <p>Mikesell Chapters 2: “The Logic of the Budget Process”</p> <p>Mikesell Chapters 4: “State and Local Budgets”</p>	<p>Problem Set #2 by 2/7</p>
3	2/8	<p><b>Citizen Demand and Preference Revelation</b></p> <p>Gruber, Jonathon. 2020. <i>Public Finance and Public Policy</i>. Chapter 9: “Political Economy”</p> <p>Ebdon, Carol, and Aimee L. Franklin. "Citizen participation in budgeting theory." <i>Public administration review</i> 66, no. 3 (2006): 437-447.</p> <p>Brunner, Eric J., Mark D. Robbins, and Bill Simonsen. 2020. Property Tax Information and Support for School Bond Referenda: Experimental Evidence. <i>Public Administration Review</i>.</p> <p>Nicole Lun. 2004. LOCAL GOVERNMENT FINANCE AND BUDGETING 101: Encouraging Meaningful Citizen</p>	<p>Problem Set #3 by 2/14</p>

Participation through Education. *Government Finance Review*, 20(2), 33-38.

- 4      2/15    **Present Value Concepts; Case Discussion**      Problem set #4 by  
2/21
- Mikesell, Chapter 7: “Time Value of Money”
- Stokey and Zeckhauser: The Valuation of Future Consequences: Discounting
- Bifulco, Robert et. al. 2012. Debt and Deception: How states avoid making hard fiscal choices. *Public Administration Review*. 72(5): 659-697.
- Robbins, Mark D., and Bill Simonsen. 2019. State of Connecticut Budgeting After the Great Recession. *Municipal Finance Journal*.
- Robbins, Mark D., and Bill Simonsen. 2021. State of Connecticut Responses to the Covid-19 Recession. *Municipal Finance Journal*.
- Discussion: The Connecticut Budget
- 5      2/22    **Capital Budgeting**      Problem set #5 by  
2/28
- Mikesell, Chapter 7: “Capital Budgeting”
- Mark Robbins and Bill Simonsen. “Municipal Securities.” *Encyclopedia of Public Administration and Public Policy*. New York. Marcel Dekker. pp. 795-799
- Dietz, David and Karen Gullo. Californians Lose \$1 Billion From Unconstitutional Bond Sales. Bloomberg News. August 26.
- 6      3/1      **Financial Reporting**      Problem set #6  
by3/7
- Finkler, S. The Balance Sheet
- Finkler, S. The Activity Statement
- GASB. 2017. Why Government Accounting is and Should be Different.

Robbins, Mark D. and William Simonsen. 2010. "The Quality and Relevance of Municipal Bond Disclosure: What Bond Analysts' Think." *Municipal Finance Journal* 31(1): pp 1-20

Government Accountability Office. 2018. State and Local Governments Fiscal Outlook.

7      3/8    **Spreadsheets and Budget Design**      Budget assignment distributed

Lee, Robert, Ronald Johnson and Philip Joyce. 2020. *Public Budgeting Systems*. Chapter 4: "Budget Cycles"

Lee, Robert, Ronald Johnson and Philip Joyce. 2020. *Public Budgeting Systems*. Chapter 7: "Budget Preparation"

Robbins, Mark D. and William Simonsen. 1998. The Benefit Equity Principle and Willingness to Pay Taxes. *Public Budgeting and Finance*: 19(2): 90-110.

*Please bring laptop to class for in class budget spreadsheet tutorial if you have one*

3/15    **Enjoy the spring break!**

8      3/22    **Tax Evaluation Criteria: Efficiency, Revenue Raising, and Feasibility**      Problem set #7 by 3/28

Mikesell, Chapter 8: "Taxation: Criteria for Evaluating Revenue Options"

Quiz 1 by 4/5  
Essay 1 by 4/5

9      3/29    **Tax Evaluation Criteria: Equity**      Problem set #8 by 4/4

Gruber, Jonathan. 2013. "General Equilibrium." *Public Finance and Public Policy*. pp. 559-579.

Burman, Leonard. 2013. "Pathways to Tax Reform Revisited." Urban Institute and Brookings Institution Tax Policy Center. July 11.

10     4/5    **Income Tax**      Problem set #9 by 4/11

Mikesell, Chapter 9: "Income Taxes"

Effects of the Tax Cuts and Jobs Act: A preliminary Analysis. 2018. Tax Policy Center. Brookings Institution.

Wilson, Robert A. 2007. Personal Exemptions and Individual Income Tax Rates, 1913-2002

Johnson, Rachel; James Nunns, Jeffrey Rohaly, Eric Toder, and Robertson Williams. 2011. "Why Some Units Pay No Income Tax." Urban-Brookings Tax Policy Center.

<https://taxfoundation.org/2022-tax-brackets/#brackets>

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| 11 | 4/12 | <b>Sales Tax</b><br><br>Mikesell, Chapter 10: "Taxes on Goods and Services"<br><br>William G. Gale and Benjamin H. Harris. 2010. A Value-Added Tax for the United States: Part of the Solution. Brookings Institution and Tax Policy Center.   | Problem set #10 by<br>4/18                                    |
| 12 | 4/19 | <b>Property Tax, Coefficient of Dispersion</b><br><br>Mikesell, Chapter 11: "Property Taxes"<br><br>Zoodrow, George R. 2006. "Who Pays the Property Tax?" <i>Land Lines</i> . Lincoln Institute of Land Policy. April. Pp. 14-19<br><br>New York Times, "How Lower-Income Americans Get Cheated on Property Taxes" | Problem set #11 by<br>4/25<br>Quiz 2 by 5/3<br>Essay 2 by 5/3 |
|    | 4/26 | <b>Student presentations</b>   | Budget assignment<br>due                                      |