

# PUBA 731- Public Financial Management

Spring 2022

Instructor: Whitney Afonso  
[afonso@sog.unc.edu](mailto:afonso@sog.unc.edu)

Office Hours: By appointment

**Course Description:** Public revenue and expenditure policies, financial administration, and politics of the budgetary process will be covered. The budget may seem to be a mere exercise in accounting, but it is so much more. In this class we will discuss how it provides key insight into our political process and priorities. Budgeting involves the conflict over who pays for and who benefits from the activities of government. This class will provide an overview of the budget making process at the federal and state/local level.

We will then move away from the expenditure side of budgeting to the revenue side and discuss basics of public finance. We will discuss the politics as well as some of the fundamental economics of the income tax, sales taxes, and property taxes. Both how we spend our money and where it comes from are important components to how we operate our government and deserve attention and scrutiny. In this course we will examine both the expenditure and revenue side of the budget process.

## **Course Objectives:**

Among the things you should understand by the end of the course are:

- Understand the values and processes for the allocation of resources.
- Understand how and why the national (and other levels of government) budget came about.
- Understand how the budgeting system has evolved.
- The basic tools of budgeting and some of the difficulties in constructing a budget.
- Understand how the revenue side of the budget plays a part.
- Get a basic understanding of some of the key taxes at the local, state, and federal level.

## **Required Materials:**

- John Mikesell. Fiscal Administration: Analysis and Applications for the Public Sector, 10th Edition, by Thomson Wadsworth, 2018.
- Irene Rubin. The Politics of Public Budgeting. C.Q. Press, 8th edition. (UNC Library has electronic version of 4th edition which is fine)
- Access to Excel

**Grading:**

Excel Exercise:	5%
Memo & Peer Eval:	5%
Get to Know a Government:	20%
Participation:	10%
Midterm:	25%
Case Study:	35%
Bonus:	5 pts (for extra credit outline)

**Grading Policy:** Grades on assignments can be appealed in writing. Do not write on the original document, write up why you think that your grade should be changed on a separate sheet of paper and give this and the assignment to me. Any curves are the instructor's discretion and should not be relied upon. There may be a curve, but do not rely upon it.

**Preparation for Class:** I expect you to complete the relevant readings each week before class. Some weeks you will be assigned GTKGs and you should be prepared to discuss them with the class. Other weeks some students will be memo writers or peer evaluators—those students will also need to be prepared to share those assignments during class. Please see below for more details.

**End of the week memos:** Students will be assigned a week (approximately 2 pairs of students a week), during the first class, to choose a topic discussed in the assigned week's readings and lectures and find a newspaper article that is related to that topic. They will be required to send a copy of their article and a 2 page policy memo to their peer evaluators and me Monday night by 5 pm. The memo writers will be responsible for a 5 minute presentation to the class on the topic where they have to advocate for their policy proposal. Their peer rejoinders must complete the peer evaluation at the end of the syllabus and one challenging question (in the sense that it takes the opposite view/position) to ask. We will then open up the class for broader discussion.

**Excel Exercise:** In week 6 there is an Excel assignment. It will be used to familiarize students with Excel and some basic budgeting principles.

**Get to know a government:** As another way to connect the theory to practice, beyond the weekly memos, there will be four small "get to know a government" prompts. They will be for weeks 2, 5, 7, and 11. Students will be expected to write up brief responses to a short series of questions. Each assignment is worth 5% of your final grade and will be helpful in facilitating class discussions. They are also important for exposing students to actual budgets and preparing them to complete their midterm and final projects. Students will choose whichever state or local government they like, but they must use the same government for each prompt. \*I will say though that the midterm and final will be at the local level.\*

**Participation:** It is very important for you, the student, to stay engaged in the course. Participation will be gauged by participation in class sessions. I will keep track of who is participating in every session. You are expected to participate every week.

While attendance is expected and merely “showing up” is not sufficient to get participation marks, each absence will lower your participation score by 2 points. However, because life happens, at the end of this syllabus is one excused absence ticket. You may use it yourself or you may trade it, sell it, etc. I need the physical ticket though and who you got it from.

**Midterm exam:** The midterm will constitute 25% of your grade. It is an assignment that will be handed out at the end of class on Week 7. ***You will have until Friday morning at 9 am to turn it in.*** You must work independently and not discuss it with other students. To be successful you **MUST** use strategies and tactics discussed in the first half of the semester. You will be graded on whether the choices you have made are feasible, legal, and reasonable. You will also be graded on how well you express your ideas, if your math is correct, and how insightful your choices are.

**Case Study:** At the end of the course students will be required to do a case study. It is a continuation of the midterm exam. It will be broken into three parts. Each student will be given the same scenario and asked to craft a budget for the next year for a local government. These cases should abide by the laws of the real world; they should respect legal constraints as well as political ones. Students will be broken into groups of two or three to complete this assignment.

The first part is a budget. They will have to create this budget in Excel. I will require you to have two “sheets.” The first will be clean and professional looking. The second will have your work on it (including any formulas used- and reasoning behind it). The Excel spreadsheet component will be worth 10 of the 35 points.

The second part is a policy memo. The policy memo is worth 15 of the 35 points. It should outline the actions taken and why. For example, if you raised taxes or cut funding for a program- this is where you have to justify, defend, and explain your actions. Make it as believable as possible. For example, do not say you cut the police force in half and say it is because you have no criminals in your town or because school will prevent emerging criminals and you raised spending on it. This is due at the time of your presentation.

The third portion of this assignment is a presentation of your budget. This presentation should be 10 minutes and outline what is covered in your memo. There will also be time for 2 questions (approximately). These presentations will be during the schedule final examination period, **April 27<sup>th</sup>, from 8:30 am to 11:30 am. It is worth 5 of the 35 points.**

Lastly, since this project will be done in groups, a peer evaluation will be completed by every member of the group and these peer evaluations will be worth 5 of the 35 points.

**Bonus:** At the end of the semester students have the option of preparing a write-up on the key theoretical and “big picture” concepts from the class. I encourage you to keep track of these ideas throughout the semester and create it as you go. The intention of this assignment is to have students create a small (1-3 pages would be reasonable) study guide for the oral exam at the conclusion of the program.

**Grading Policy:** Grades on assignments can be appealed in writing. Do not write on the original document, write up why you think that your grade should be changed on a separate sheet of paper and give this and the assignment to me. Any curves are the instructor's discretion and should not be relied upon. There may be a curve, but do not rely upon it.

Ten percent will be deducted every 24 hours for late assignments; the maximum to be deducted is 50%. So even if you turn in your assignment a week late you can still get a possible 50% of the points on it, for example.

No make-up exams will be given. If you have a legitimate reason to be absent from the midterm exam, the weight of that exam will be applied to your comprehensive final exam. Legitimate reasons include serious personal illness, family emergency, University activity (athletic event or documented course trip), or civic responsibility. Documentation of these circumstances will be required.

**Academic Honesty:** I expect my students to complete their own work independently, unless otherwise noted in the assignment. If cheating is discovered the student(s) involved will automatically receive a failing grade.

*The University of North Carolina at Chapel Hill has had a student-administered honor system and judicial system for over 100 years. The system is the responsibility of students and is regulated and governed by them, but faculty share the responsibility. If you have questions about your responsibility under the honor code, please bring them to your instructor or consult with the office of the Dean of Students or the Instrument of Student Judicial Governance. This document, adopted by the Chancellor, the Faculty Council, and the Student Congress, contains all policies and procedures pertaining to the student honor system. Your full participation and observance of the honor code is expected.*

<http://honor.unc.edu>

Plagiarism will not be tolerated. If plagiarism is discovered the student will automatically receive a failing grade.

“The Instrument of Student Judicial Governance defines plagiarism as:

*Plagiarism in the form of deliberate or reckless representation of another's words, thoughts, or ideas as one's own without attribution in connection with submission of academic work, whether graded or otherwise...*

*Quote and cite any words that are not your own*

*If you paraphrase the words of another, you must still give proper attribution”*

**Diversity Statement:** I value the perspectives of individuals from all backgrounds reflecting the diversity of our students. I broadly define diversity to include race, gender

identity, national origin, ethnicity, religion, social class, age, sexual orientation, political background, and physical and learning ability. I strive to make this classroom an inclusive space for all students. Please let me know if there is anything I can do to improve. I appreciate suggestions.

**Mask Use Statement:** This semester, while we are in the midst of a global pandemic, all enrolled students are required to wear a mask covering your mouth and nose at all times in our classroom. This requirement is to protect our educational community — your classmates and me – as we learn together. If you choose not to wear a mask, or wear it improperly, I will ask you to leave immediately, and I will submit a report to the Office of Student Conduct. At that point you will be disenrolled from this course for the protection of our educational community. Students who have an authorized accommodation from Accessibility Resources and Service have an exception. For additional information, see Carolina Together.

## **Course Outline:**

Readings in italics are supplemental and not required, but students are encouraged to at least quickly review them. This syllabus is an outline of the course and may be modified by the instructor.

### **Week 1: January 11<sup>th</sup>**

Course Introduction and Why Governments get involved

### **Week 2: January 18<sup>th</sup>**

\*Guest speaker Greg Allison (Accounting Professor)

Budget 101 & Fund Accounting

Mikesell- Chapters 1 & 2

GTKG #1

### **Week 3: January 25<sup>th</sup>**

Budget 201 & Politics of Budgeting

Rubin- Chapter 1

Mikesell- Chapter 3

### **Week 4: February 1<sup>st</sup>**

Federal Budget

Mikesell- Chapter 4

Congressional Budget Office. 2021. "The Budget and Economic Outlook: 2021 to 2031." <https://www.cbo.gov/system/files/2021-02/56970-Outlook.pdf>

Memo

### **Week 5: February 8<sup>th</sup>**

State & Local Budgets

Mikesell- Chapter 5

Hou, Yilin, and Daniel L. Smith. 2006. "A Framework for Understanding State Balanced Budget Requirements: Reexamining Distinctive Features and an Operational Definition." *Public Budgeting & Finance* 26(3): 22-45.

Tiebout, Charles M. 1956. "A Pure Theory of Local Expenditures." *The Journal of Political Economy* 64(5): 416-424.

GTKG #2

**Week 6: February 15<sup>th</sup>**

Evolution of the Budget & What to pay for?

Mikesell- Chapter 6  
Rubin- Chapter 5 & 6

Key, V. O. 1940. "The Lack of a Budgetary Theory." *The American Political Science Review* 34(6): 1137-1144.

*Jordan, Meagan M. 2003. Punctuations and Agendas: A New Look at Local Government Budget Expenditures. Journal of Policy Analysis and Management, 22(3).*

Memo

\*\*\*Excel exercise due on Friday

**Week 7: February 22<sup>nd</sup>**

Capital Budgeting and Finance

\*Guest Speaker Renee Paschal

Mikesell-Chapters 7 & 15

GTKG #3

\*\*\*Midterm

**Week 8: March 1<sup>st</sup>**

\* Guest speakers Aaron Brown & Pat Madej

North Carolina Local Government Budget Association

**Week 9: March 8<sup>th</sup>**

Citizen Engagement & Revenue Politics

Rubin- Chapter 2

Jimenez, B.S., 2014. Raise taxes, cut services, or lay off staff: Citizens in the fiscal retrenchment process. *Journal of Public Administration Research and Theory*, 24(4), pp.923-953.

Memo

**Week 10: March 15<sup>th</sup>**

Spring Break- no class

**Week 11: March 22<sup>nd</sup>**

Tax Criteria<sup>1</sup>

Mikesell- Chapter 8

Memo

**Week 12: March 29<sup>th</sup>**

\*Guest speaker Kirk Boone (SOG Property Tax Assessment Expert)

Finance for Local Governments

Mikesell- Chapters 11 & 12

Memo

Final assignment handed out.

**Week 13: April 5<sup>th</sup>**

Sales Taxes

Mikesell- Chapter 10

Memo

**Week 14: April 12<sup>th</sup>**

Revenue Forecasting

Mikesell- Chapter 13

Debates!!!!

GTKG #4

**Week 15: April 19<sup>th</sup>**

Income Tax

Mikesell- Chapter 9

Memo

**Week 16: April 26<sup>th</sup>**

---

<sup>1</sup> The material for week 11 and 12 may have to be switched based on Prof Boone's availability

Work on Final Exam

**Final Presentations: Monday April 27<sup>th</sup> at 8:30 am**

Section 1: 9:30-11 am

Section 2: 11-12:30 pm

\*\*\*Case studies due