Material: This course provides an introduction to the design and operation of expenditure and revenue systems at the federal, state and local levels of government in the United States. Many long-accepted models of government budgeting and finance are currently under review by different policy makers, politicians and jurisdictions in the U.S. COVID-19 has caused a global economic crisis and requires an ongoing massive policy response. We will explore these shifting realities and assumptions of the key process of mobilizing and allocating resources through the planning, adoption and execution of the budget. In addition to examining the underlying theory and policy objectives of various tax and spending regimes, the course will undertake a systematic review of the tools involved in management control, performance measurement, cash and debt management and public sector accounting and financial reporting systems. Parallels are drawn with the financial operations of non-governmental entities.

Government finance will largely be approached from a management and economic point of view. At the federal level, we examine the major issues facing the national government such as controlling the growth in federal spending, the consequences of economic cycles, effects of tax reform on the federal budget, changes in federalism and efforts to reform the federal budget process (especially shutdown issues). Other objectives of the course are to gain insight at all levels of government into the institutional roles in budgeting to become familiar with basic terms and concepts in public finance and to develop insight into the role of budgeting in policymaking.

This semester will coincide with the continued impact of COVID-19 on our economy, culture and policy making. The pandemic calls into question much of what we thought we knew about the role and limits of government spending. We will engage these issues in the context of public finance and budgeting, and discuss how politics interact with budget/policy institutions.

Books and Materials:
There are no required texts for this class.

The following two textbooks are helpful for different sections of the course, but neither is required and neither book is a perfect fit for the class. I list the latest editions of the two textbooks, but earlier editions will serve much of the support/background material at a better price. Note that given some of the changes in public finance over the last few years, you will have to adjust for the passage of time and events.

You can also refer to these texts for information about the federal budget process and budgeting systems:
Robert Lee, Public Budgeting Systems, Jones and Bartlett Publishers
Handouts will be posted on Slack and/or given out in class. This syllabus lists required readings that are available on the web.

**Learning Outcomes**

**Knowledge and Understanding**
- The student should be able to analyze and explain major government budgeting systems and accounting terms
- The student should understand the economics of taxation and public choice models
- The student should recognize the major components of the US federal budget and political process
- The student should be able to explain and discuss cost-benefit analysis and the fundamentals of municipal debt

**Skills and Abilities**
- The student should be able to understand basic economic models and present value calculations
- The student should be able to present work to peers in written work and orally

**Grading:** Weights for the course grade will be as follows:

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<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>10%</td>
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<tr>
<td>Debate</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm</td>
<td>15%</td>
</tr>
<tr>
<td>Policy Response Reports</td>
<td>30%</td>
</tr>
<tr>
<td>Final</td>
<td>25%</td>
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**Class Participation** Our online course will cover a broad breadth of material. The course will include lecture recordings alongside synchronous video conference classes. You are expected to participate in class discussions and come prepared to talk about readings. Please let me know in advance about any missed classes.

**Debate** Each student will participate in a debate on a relevant topic. (Note the terms of the debates depend on the number of registered students; the debates will either be against me, against a fellow student, or in teams of students.)

You will be able to sign up for your preferred topics, but I will randomly assign sides of the debate; in other words, I will randomly choose the teams debating for the resolved and against. We will discuss the format of the debates in class, and the grading rubric I will use.

**Midterm** The midterm will be a timed, open-book exam.

**Policy Response Report** There will be two writing assignments over the course of the semester. For both of these assignments, you will be asked to write a short (1 page) report on a current topic during our scheduled class time, and base your report on material covered in the course. You are expected to use all resources at your disposal and be prepared to think and write fast. You will not know the topic in advance. The Policy Response Reports are worth 15% of your course grade each.

Thinking critically and writing well under pressure is very difficult. I will be as forgiving as your “she-seems-nice” boss would be in a similar situation. I recommend swapping policy
memos with a classmate at the fifteen-minute mark for copyediting, or allocating some time for careful self-editing.

**Final** The final is an open-book take home exam, distributed electronically on the evening of **November 30. The final is due at 11:59pm on December 6.**

**Academic Accommodation for a Disability:** If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.

**SPP Policy on Plagiarism:** The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus, any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the School of Public Policy. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another’s words or ideas presented as one’s own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another’s work. Honesty and thoroughness in citing sources are essential to professional accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one’s professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the School of Public Policy takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of “F.” This may lead to failure for the course, resulting in dismissal from the university. This dismissal will be noted on the student’s transcript. For foreign students who are on a university-sponsored visa (e.g. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the SPP policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit a student’s work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The SPP policy on plagiarism is supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it.
| Class 1 | Aug 24 | Introduction and Course Overview  
|         |       | Why Do Governments Collect and Spend Money?  
|         |       | Why is the Federal Government Spending So Little on COVID-19?  
|         |       | Listen: The Science of Everything, Episode 19, Market Failure  
|         |       | Mikesell: Chapter 1  
|         |       | Gruber: Chapter 2  
| Class 2 | Aug 31 | Public Budgets and Accounting in the US  
|         |       | Mikesell: Chapters 2 and 6  
|         |       | NOTE NO CLASS SEP 7  
| Class 3 | Sep 14 | Math Tools for Public Finance and Budgeting  
|         |       | TBD  
| Class 4 | Sep 21 | Federal Budget Process  
|         |       | CBPP: Policy Basics Introduction to the Federal Budget Process (on CBPP.org website)  
|         |       | https://www.brookings.edu/research/a-long-term-budget-for-entitlements-and-required-revenues/  

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<thead>
<tr>
<th>Class 5</th>
<th>Sep 28</th>
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| **Rapid Response Report 1 Due**  
*No Synchronous Class*  
**Revenue Sources, Tax Structure and Reform** |

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<tr>
<th>Class 6</th>
<th>Oct 5</th>
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| **Revenue Sources**  
Tax Policy Center: Briefing Book on “Key Elements of the US Tax System” and “The State of State Tax Policy”  
What is the Purpose of Tax Reform, The Economist, Nov 18, 2017,  
Winners and Losers in the Tax Cuts and Jobs Act, Brookings Podcast, December 22, 2017,  
Mikesell: Chapters 8-11  
Gruber: Chapters 18-20 |

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<tr>
<th>Class 7</th>
<th>Oct 13</th>
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| **Note Tuesday Class**  
**COVID-19, Social Insurance Programs, and the Long Term Budget Outlook**  
**Budgets in the Trump Era and Beyond** |
| CRFB.org Stabilize the Debt: An Online Exercise in Hard Choices,  
[http://www.crfb.org/debtfixer/?group=masongov](http://www.crfb.org/debtfixer/?group=masongov)  
CBO Long Term Budget Outlook,  
[https://www.cbo.gov/topics/budget/long-term-budget-analysis](https://www.cbo.gov/topics/budget/long-term-budget-analysis)  
Lindsey et al. The Center Can Hold: Public Policy for an Age of Extremes. Niskanen Center, December 2018  
Gruber: Chapters 13-16 |
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<tr>
<th>Class 8</th>
<th>Oct 19</th>
<th><strong>State and Local Public Finance, Public Choice</strong></th>
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|          |        | Vox The Impact Podcast. Vermont’s School Funding Battle. November 26, 2018  
|          |        | CBPP.org Policy Basics The ABCs of State Budgets,  
|          |        | Urban Institute, State and Local Expenditures,  
|          |        | Are Virginia Attempts to Save for a Rainy Day Fund Enough? Olivia Gonzales, Eileen Norcross, Mercatus, Aug 19, 2017,  
|          |        | [https://www.mercatus.org/commentary/are-virginias-attempts-save-rainy-day-enough](https://www.mercatus.org/commentary/are-virginias-attempts-save-rainy-day-enough) |
|          |        | Mikesell: Chapter 4  
|          |        | Gruber: Chapters 10-11 |

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<tr>
<th>Class 9</th>
<th>Oct 26</th>
<th><strong>Inequality, Racism in Public Finance</strong></th>
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<td>TBD</td>
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| Class 10 | Nov 2  | **Rapid Response Report 2 Due**  
|          |        | **No Synchronous Class**         |

<table>
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<tr>
<th>Class 11</th>
<th>Nov 9</th>
<th><strong>Capital Budgeting, Muni Bond Markets</strong></th>
</tr>
</thead>
</table>
|          |        | Capital Budgeting in the States, NASBO,  
## Why State Budgets Aren’t As Balanced as They Seem


### Class 12
**Nov 16**

**Cost Benefit Analysis**


Executive Order 13563 – Improving Regulation and Regulatory Review


Mikesell: Chapter 7 section on “Organizing Information for Choices”

Gruber: Chapter 8

### Class 13
**Nov 23**

**Intergovernmental Grants**

### Class 14
**Nov 30**

**State Long Term Local Budget Outlook, Review**


Gruber: Chapter 9