This course will review the basic economics of taxation; detail the structure of federal revenues; chart the federal budget process and interrogate proposals for reform; analyze the impact of major federal tax and spending proposals on the deficit and debt; and explore the relationship of tax and budget policy to social and economic issues including retirement, health care, education, and housing. The course will also engage with questions of federalism as well as situate US tax and budget policy in international context. The aim of this course is to equip students with substantive knowledge of contemporary issues in federal tax and budget policy so that they can effectively evaluate the impact of proposed policy changes.

**COURSE READINGS**

Two Required Books:


Additional readings will be assigned throughout the course. These will be available online.

**COURSE REQUIREMENTS**

- Three written assignments (submitted by email to robrien@lafollette.wisc.edu):
  - One Budget Policy memo (4-5 pages) proposing a specific change to the federal budget. **[Due: Week 6]**
  - One Tax Policy memo (4-5 pages) proposing a specific change to the federal tax code. **[Due: Week 12]**
  - One White Paper (10-12 pages) on a topic of your choice related to federal tax and budget policy & process. **[Preliminary Idea Due: Week 10; Paper Due May 10th 2016]**
- Two 10-minute presentations (corresponding to each policy memo)
- Active participation in class activities and discussion
EVALUATION
Grades will be assigned based on the following:
• Budget Policy Memo & Presentation: 20%
• Tax Policy Memo & Presentation: 20%
• White Paper: 40%
• Class Participation: 20%

Note: Students are expected to be familiar with and adhere to University of Wisconsin policies regarding academic honesty and integrity. See: students.wisc.edu/doso/academic-integrity

COURSE OUTLINE AND READINGS [SUBJECT TO AMENDMENT]

Week 1 (January 19) Introduction and Overview

Week 2 (January 26) Basics of the Federal Budget
Readings:
• Schick: Chapter 1; Chapters 3 & 4
• President’s Fiscal Year 2016 Budget Request (read pages 1-12, 85-88; skim rest of document for proposals of interest to you)
• “Budget and Tax Plans Should Not Rely on “Dynamic Scoring”
• “Accurate Budget Scores Require Dynamic Analysis”

Week 3 (February 2) The Federal Budget Process
Readings:
• Schick: Chapter 2 (skim); Chapters 5 & 6; Chapters 8 & 9 (skim)
• Policy Basics: Introduction to the Federal Budget Process
• Time To Reform the Federal Budget Process
• Reforming the Budget: How to Fix the Congressional Budget Process
• An Analysis of Selected Budget Reforms

Week 4 (February 9) Entitlement Programs Past, Present and Future
Readings:
• What the 2015 Trustees’ Report Says About Social Security
• Medicare is Not “Bankrupt”
• An Evidence Based Path to Disability Insurance Reform
• Expanded Social Security: A Plan to Increase Retirement Security for All Americans
• Social Security Reform: A Conservative Plan
• Updating Social Security for the 21st Century

Week 5 (February 16) Discretionary Spending
Readings:
• Schick: Chapter 10 & 11
• The Moment of Truth (Pages 1-27)
• Non-Defense Discretionary Programs
• Pick a Federal Department/Agency of Interest and Review President’s FY2017 Budget Request and that Department or Agency’s Budget Justification

Week 6 (February 23) Debt and Deficits [Budget Memo Due]
Readings:
• Nobody Understands Debt
• Is the Budget Deficit Even a Problem? (read linked posts)
• CRFB: Long Term Budget Outlook
• CBO: The Budget and Economic Outlook
• Debt, Growth and the Austerity Debate
• Debt and Growth: A Response to Reinhart and Rogoff

Week 7 (March 1) Proposed Changes to Federal Budget Policy & Process

****Student Presentations****

Week 8 (March 8) Federal Tax Policy: Overview
Readings:
• Burman & Slemrod: Chapters 6, 8 and 10
• Where do Federal Tax Revenues Come From?

Week 9 (March 15) Federal (Personal) Income Taxes
Readings:
• Burman & Slemrod: Chapter 1 & 2
• Who Pays Taxes in America?
• Overview of the Federal Tax System (pp. 1-8)

**SPRING BREAK**

Week 10 (March 29) Tax Expenditures [Final Paper Topic Due]
Readings:
• Burman & Slemrod: Chapter 7
• Tax Expenditures and Social Policy: A Primer
• “Tax Expenditures” US Treasury Department (Skim, particularly tables)
• A Brief History of Tax Expenditures
Week 11 (April 5)  Corporate Income Taxes, Estate Tax and Other Revenues
Readings:
- Burman & Slemrod: Chapters 3-5
- The US Effective Corporate Tax Rate: Myth and the Fact
- Corporate Income Tax Reform
- Ten Facts You Should Know About the Federal Estate Tax
- Do Estate Taxes Matter?
- Pros and Cons of the Federal Estate Tax

Week 12 (April 12)  Tax Reform I  [Tax Memo Due]
- Burman & Slemrod: Chapters 11 & 12
- Toward Fundamental Tax Reform (Chapters 2 & 3)

Week 13 (April 19)  Tax Reform II
Readings:
- Burman and Slemrod: Chapter 4
- Toward Fundamental Tax Reform (Chapters 4, 5)

Week 14 (April 26)  Proposed Changes to Federal Tax Policy
****Student Presentations****

Week 15 (May 3)  US Tax and Budget Policy in Comparative Perspective
Readings:
- America Undertaxed
- Comparing Public Spending and Priorities Across OECD Countries
- How Progressive is the US Federal Tax System?

[Final Paper Due May 10th 2016]