

PA 891: Spring 2017

Time: Tues. 9:00-10:55am  
Location: Educ Sci 301  
Instructor: Rourke O'Brien  
Office Hours: Mon 2-4 (LFS 204)  
& by appointment  
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### **PUBLIC AFFAIRS 891: STATE AND LOCAL PUBLIC FINANCE**

This course will examine the financing of state and local governments. The course is divided into four parts. Part 1 explores the structure of subnational governments and their role in providing public goods and services. Part 2 examines key sources of revenue for state and local governments, including property, income, consumption and business taxes as well as user fees and government borrowing. Part 3 introduces key concepts in public budgeting with a focus on the mechanics of local budget administration. Part 4 analyzes contemporary issues in the financing of state and local government services, with a specific focus on health, education, transportation and economic development.

#### **COURSE READINGS**

Required Text: Fisher, Ronald. 2015. State and Local Public Finance 4th Edition. Routledge. ISBN: 0765644274

Additional readings will be assigned throughout the course that engage current issues in state and local finance in real time. These will be available online.

#### **COURSE REQUIREMENTS**

- Wisconsin State Budget Issue Tracker Assignment (1p. + Canvas) **[Due Week 2]**
  - Students will review [2017-2019 budget requests for WI state agencies](#) and identify and summarize a proposal of interest.
  - Students will take turns (in pairs) to update class on recent happenings in Wisconsin State Budget Process for 2017-2019.
- State Revenue Data Exercise (using Census of Governments Data) (3p.) **[Due Week 4]**
- Wisconsin State/Local Revenue Reform Proposal Memo (5p.) **[Due Week 10]**
- State/Local Finance Issue Paper and Presentation (8-10p.) **[Paper Due May 10]**

Details on each assignment will be provided in class and/or posted on the course website.

## EVALUATION

Grades will be assigned based on the following:

- Wisconsin Budget Tracker: 10%
- State Revenue Data Exercise: 10%
- Wisconsin State/Local Revenue Reform Proposal Memo: 20%
- State/Local Finance Issue Paper (30) and Presentation (10): 40%
- Class Participation (debates, discussions, activities): 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/](https://students.wisc.edu/doso/academic-integrity/)

## COURSE OUTLINE AND READINGS [SUBJECT TO CHANGE]

### **Week 1 (January 17) Introduction and Overview**

- Fisher 1: Why Study State and Local Government Finance (pp. 3-30)

## **Part I. Local Governance Structure and Provision of Goods & Services**

### **Week 2 (January 24) State/Local Gov't Finance Structure**

- Fisher 2: Microeconomic Analysis: Market Efficiency and Market Failure (pp. 31-38)
- Fisher 6: Organization of Subnational Government (111-127)
- Spotlight Wisconsin: [The 2016 State of Wisconsin Cities and Villages](#)

### **Week 4 (January 31) Budgeting; Federalism; Fiscal Restraints**

- Fisher 7: Budgeting and Fiscal Outcomes
- Fisher 10: Intergovernmental Grants
- [State Tax and Expenditure Limits \(National Conference of State Legislature\)](#)
- [State General Fund Expenditure Limits \(Wisconsin Legislative Fiscal Bureau\)](#)

### **Week 4 (February 7) Providing Public Goods & Services**

- Fisher 3: Demand for State and Local Government and Goods (49-72)
- Fisher 8: Costs and production of state and local goods and services (160-85)
- Fisher 4: Public Choice Without Mobility: Voting (73-92)
- Fisher 5: Public Choice Through Mobility (93-110)

## **Part II. State and Local Government Revenues**

### **Week 5 (February 14) Principles of Taxation & Property Tax I**

- Fisher 12: Principles of Tax Analysis
- Fisher 13: The Property Tax: Institutions and Structure

- [NCSL: Principles of a High-Quality State Revenue System](#)

**Week 6 (February 21)      Property Tax II**

- Fisher 14: Property Tax: Economic Analysis and Effects

**Week 7 (February 28)      Income and Consumption Taxes**

- Fisher 15: Sales and Excise Taxes
- Fisher 16: Income Taxes

**Week 8 (March 7)            Business Taxes; User Fees, Charges, Other Revenue**

- Fisher 9: Pricing of Government Goods: User Charges
- Fisher 17: Business Taxes

**Week 9 (March 14)         Government Monopoly; Borrowing, Debt, Capital Investment**

- Fisher 18: Revenue from Government Monopoly and Regulation
- Fisher 11: Borrowing, Debt and Capital Investment

**\*\*SPRING BREAK\*\***

**Part III. Basics of Public Budgeting**

**Week 10 (March 28)        Introduction to Budgeting**

- Cases to be assigned.

**Week 11 (April 4)            Budgeting Principles and Mechanics**

- Donahue, A. K. (2014), Risky Business: Willingness to Pay for Disaster Preparedness. *Public Budgeting & Finance*, 34: 100–119.
- [Recommended Budget Practices: A Guide for Improved State and Local Budgeting](#)

**Week 12 (April 11)         State + Local Government Budgeting**

- Lauth, T. P. (2014), Zero-Base Budgeting Redux in Georgia: Efficiency or Ideology? *Public Budgeting & Finance*, 34: 1–17.
- [State and Local Government Pension Risks](#)
- [States Forecast Slow Revenue Growth](#)

**Part IV. Applications and Current Issues**

**Week 13 (April 18)         Education, Health, Welfare**

- Fisher 19: Education

- Fisher 21: Health & Welfare

**Week 14 (April 25)                      Transportation, Economic Development**

- Fisher 20: Transportation
- Fisher 22: Economic Development

**Week 15 (May 2)                      Projecting the Future: Federalism and Fiscal Capacity**

*[Final Paper Due May 10<sup>th</sup> 2017]*