ECON 4520: Public Finance  
Fall 2012 Course Syllabus

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Class: TR 9:00AM – 10:15AM, Wattis 119  
Office Hours: Tuesday 1:00PM – 2:30PM, 5:00PM – 5:30PM; Thursday 1:00PM - 2:00PM, and by appointment

Course Description

This course is a treatment of economic theory and applications in the field of public finance and fiscal policy. The course includes the study of market failure, the provision of public goods, benefit-cost analysis, public expenditures, bureaucracies, and the principles of government finance. The prerequisites for the course are ECON 2010, ECON 2020, and MATH 1050. The ECON prerequisites are in place to emphasize the importance of having an understanding of scarcity, opportunity cost, the production possibility frontier, supply and demand, marginal analysis, elasticity, and market structures such as perfect competition. The MATH requirement is in place to ensure that students can perform basic mathematical manipulations and be comfortable with graphical analysis.

Learning Goals and Objectives

The student will demonstrate mastery of public economic terminology by defining and discussing the terminology as well as applying it to current events; discuss the criteria for evaluating market based and government based solutions to society’s needs and wants; evaluate current policies in the United States related to education, health care, insurance, and poverty; discuss issues relating to the supply of public goods in a multilevel system of government; and synthesize their learning by composing a research paper on a public economic topic.

Course Text

Hyman, David, Public Finance, 10th edition.

Teaching Philosophy and Methods

I love to teach! I look forward to interacting with you throughout the semester about public economics and other course concerns you might have. Class time will be a mixture of lecture and active learning. Lecture will be used to motivate, clarify, extend, and synthesize the material. Active learning will be used to involve you in an active discussion of public economic principles and ideas. As the course is structured, you can get the basics from the text with thoughtful reading. In class we will work together on the more demanding part of the course—analyzing, applying, synthesizing, and evaluating public economic principles and ideas. Regularly you will work together in class with your classmates. I will ask you to compare answers to a problem or work together on a question with your neighbor(s). Working together in class will increase the amount of public economics that you learn.
While we will work on the more demanding material together in class, studying outside of class is also necessary. An average student should plan to spend about 2 hours studying and doing various assignments outside of class for each hour of lecture (i.e., approximately 5 hours per week) in order to receive an average grade of C. Above average students may be able to earn a grade of C with fewer hours, and average students will probably find that to earn a grade of A or B will require even more hours of study. Even the best students should plan to spend about 2 hours outside class for every hour in class to earn an A or B.

**Evaluation Criteria**

Your grade will be determined on a standard 100 point scale. A: 90% to 100%, B: 80%-89%, C: 70%-79%, D: 60%-69%, E: 59% and below. If I feel that a curve is necessary it will be determined separately for each exam and announced in class when I return that exam. Grading in the course will be based upon warm-ups, quizzes, a research paper, 2 mid-semester exams and a cumulative final exam. A breakdown of the scoring appears in the table below.

<table>
<thead>
<tr>
<th>Task</th>
<th>% of Course Grade</th>
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</thead>
<tbody>
<tr>
<td>Warm-Ups</td>
<td>10%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Research Paper</td>
<td>20%</td>
</tr>
<tr>
<td>Exam I</td>
<td>20%</td>
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<tr>
<td>Exam II</td>
<td>20%</td>
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<tr>
<td>Final Exam (Cumulative)</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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</tbody>
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**Warm-ups and Quizzes**

Warm-ups consist of students bringing current events that are related to public economics to the classroom and discussing them. Warm-ups are completed in four parts: (1) Bring a copy of the current event to class; (2) On a separate piece of paper, indicate in typed writing the public economics topic to which the current event is related; (3) describe in typed writing how the current event relates to the topic chosen; (4) discuss the current event in class. Two Warm-ups are required of each student before each exam for a total of six Warm-ups per student during the semester.

Quizzes are based on assigned readings of the textbook, articles in the popular press, and peer-reviewed journal articles in the public economics literature. Assignments and quizzes give students a chance to actively apply the material being learned and also to provide a chance to assess strengths and weaknesses before taking the exam. The student will greatly benefit by reviewing and understanding items missed on the quizzes.

**Research Paper**

Each student will write a research paper on a public economics topic. The research paper should be no less than 7 pages and no more than 10 pages of double spaced text. Margins should be 1 inch on all sides, the required font is Times New Roman, and the required font size is 12. Cover pages and reference pages do not count towards the length requirement. In order to facilitate completion of this assignment, there are several deadlines to motivate your work.

October 11: Title and thesis statement. The course website has more information on theses.

October 25: Annotated bibliography of six references. Two references must be from peer refereed journals. For information on annotated bibliographies, see the course website and [http://www.library.cornell.edu/olinuris/ref/research/skill28.htm](http://www.library.cornell.edu/olinuris/ref/research/skill28.htm)
November 15: Paper is due. You will turn this assignment in electronically and in hardcopy. Papers are due at 9:00am. Electronic versions are to be turned in using the TurnItIn* System and submitted by 8:45am.

*In order to assist students with appropriate referencing techniques, term papers will be submitted using referencing software called TurnItIn.

**Exams**

Exam questions will reflect information and ideas presented both in lecture and the assigned readings. There will be two mid-semester exams held during regular class time and a cumulative final. There are no make-ups for mid-term exams. If a student misses one mid-term exam and has a legitimate excused absence, the final exam will be weighted to adjust for the missed mid-term exam (i.e. the final would be worth 40% of the final grade rather than 20%). Excused absences include death in the immediate family, University sponsored trips, and critical illness. Verification is required and permission to miss an exam must be secured prior to the scheduled exam time. If a student misses more than one exam, the final will be weighted to adjust for the first missed exam, and a zero will be recorded for the other exam. There are no make-up exams for the final.

Exams will be held on the following dates:

- October 4: Exam I
- November 1: Exam II
- December 11: Final Exam 9:30am – 11:20am

**Appeal Procedure**

Anyone feeling that a dispute exists after the grading of an exam may submit a written grievance. This grievance should identify the item in dispute and arguments supporting the student's position. The appeal should be stapled to the document of question and must be submitted within two class periods following its return. The instructor agrees to return a written response to the student's grievance within two class periods from receipt of the grievance.

**Attendance Policy**

I do not take role; however, in order to give you an incentive to attend class, Warm-ups and quizzes cannot be made up or turned in late. If you choose to attend, which I highly recommend, please arrive on time, be courteous to your fellow classmates, and stay for the duration. Should you anticipate arriving late or leaving early, please let me know in advance.

**Cheating**

Cheating is in no way tolerated at Weber State University. Anyone caught cheating will be penalized severely. The full penalty will be determined in consultation with the Chair of the Department of Economics. More information can be found at [http://www.weber.edu/ppm/Policies/6-22_StudentCode.html](http://www.weber.edu/ppm/Policies/6-22_StudentCode.html)

**Students with Disabilities**

Students requesting classroom accommodations or modifications due to a documented disability must contact the Services for Students with Disabilities located in Student Services 181. See also [http://weber.edu/ssd/default.html](http://weber.edu/ssd/default.html)
Natural Disaster / Extended Campus Closure

In the event of an extended campus closure due to a natural disaster or other catastrophic event, I will continue to provide instruction through Canvas. The severity of the event will determine our ability to proceed with the course.

Course Outline

The following is a tentative outline of the material covered in this course:

I. The Economic Basis for Government Activity
   A. Chapter 1: Individuals and Government
      1. Government vs. private use of funds
      2. Perspective on historical government spending
   B. Chapter 2: Efficiency, Markets, and Governments
      1. Positive vs. normative economics
      2. Efficiency and equity
      3. Market Failure
   C. Chapter 3: Externalities and Government Policy
      1. Definition of externality
      2. Property rights
      3. Environmental Protection
      4. Market for pollution
   D. Chapter 4: Public Goods
      1. Definition of a public good
      2. Provision of goods: market vs. government
      3. Efficient output of a public good
      4. Free-riders
   E. Chapter 5: Public Choice and the Political Process
      1. Political equilibrium and provision of public goods
      2. Majority Rule
      3. Special interest groups

II. Government Expenditures and Policy
   A. Chapter 6: Cost-Benefit Analysis and Government Investments
      1. The budget process
      2. Methods of benefit estimation
   B. Chapter 7: Government Subsidies and Income Support for the Poor
      1. Poverty in the US
      2. Government assistance programs
   C. Chapter 8: Social Security and Social Insurance
      1. Definition of social security and insurance
      2. Replacement rates
      3. Future of social security
   D. Chapter 9: Government Healthcare
      1. Characteristics of the US healthcare market
      2. Health care and market failure
3. Policies in healthcare

III. Financing Government Expenditures

A. Chapter 10: Introduction to Government Finance
   1. Principles of taxation
   2. Incidence of taxation
   3. Taxation alternatives

B. Chapter 11: Taxation, Prices, Efficiency, and the Distribution of Income
   1. Lump-sum taxes
   2. Impact of taxes on market prices and efficiency
   3. Government expenditures and the distribution of income

C. Chapter 13: Taxation: Theory and Structure
   1. Comprehensive Income
   2. Income taxes and the labor market
   3. The effect of taxation on savings

IV. Fiscal Federalism

A. Chapter 18: State and Local Government Finance
   1. Fiscal Federalism
   2. Centralized vs. decentralized government
   3. Intergovernmental fiscal relations