

## ECONOMICS 323: PUBLIC FINANCE

Spring 2010  
TTh 11:00am – 12:15pm  
Bryan 213

Professor Garth Heutel  
Email: [gaheutel@uncg.edu](mailto:gaheutel@uncg.edu)  
Office: Bryan 446 (Ph: 336 334 4872)  
Office Hours: TTh 10:00am-11:00am

This is an undergraduate-level course in public finance, also called public economics or public sector economics. The primary focus of this topic is the role of the government in the economy. After an introduction, we will start by studying the theoretical rationale for government involvement (public goods and externalities). We will then look at revenues (taxes) and expenditures. We will also look at the revenue system. Throughout the course, we will focus on specific applications, especially environmental policy, health care, and education.

### Course Materials

The required textbook is *Public Finance* by Harvey S. Rosen and Ted Gayer, Ninth Edition, published by McGraw Hill. Additional materials may come from other textbooks or journal articles; whenever required these will be made available by me (hard copy or online).

We will in particular be working on the following chapters, divided into five main sections of the course:

- Introduction (Chapters 1-3)
- Theoretical Foundations (Chapters 4, 5, 7 and 10)
- Revenues (Chapters 14-16)
- Expenditures (Chapters 8, 11, and 13)
- The Revenue System (Chapters 17-18)

The assigned readings in the course schedule below are to be read **before** that day of class.

### Assignments and Grades

Grades will be determined according to the following allocation of points:

- |                     |                     |
|---------------------|---------------------|
| • Problem Sets      | 15% of course grade |
| • Quizzes           | 15% of course grade |
| • Midterm           | 30% of course grade |
| • Final Examination | 40% of course grade |

### *Problem Sets*

Four problem sets will be assigned throughout the course, one for each of the main sections of the course (excluding the "introduction" section). Problem sets are designed to be representative of the material on the quizzes, midterm, and final.

### *Quizzes*

About 5 unannounced quizzes will be given throughout the course. Each will be designed to be short (about 15 minutes) and straightforward. They are primarily designed to ensure that the assigned reading is done and lectures are attended. I.e., if you read the assigned chapter and attend all of the lectures, you should find the quizzes easy. The timing of quizzes will not be announced ahead of time ("pop" quizzes). **Under no circumstances will make-up quizzes be given.** Therefore, class attendance is important.

### *Midterm*

An in-class midterm exams will be held on **Thursday, February 25<sup>th</sup>**. It will cover the theoretical foundations section of the class. The midterm is to be done independently, in class, without use of notes or textbooks.

### *Final Examination*

The final examination is scheduled for **Wednesday, May 6 at 12noon – 3pm**, in the regular class meeting room (Bryan 213). The final will cover all material in the course. It will not over-represent material presented after the second midterm. It is to be done without use of notes or textbooks.

Note that attendance is not directly part of the grade. However, since you must be present to take the unannounced quizzes, excessive absences will hurt your grade.

### Academic Integrity Policy

Students are expected to know and abide by the academic integrity policy in all matters pertaining to this course. Violations of this code will be pursued in accordance with the code. The link to UNCG's academic integrity policy is: <http://academicintegrity.uncg.edu/complete/>

### Graduate Assistant

The graduate assistant for this course is Keith Becker ([kibecker@uncg.edu](mailto:kibecker@uncg.edu)). He will be grading the problem sets, quizzes, and parts of the midterm and final exam. You may contact him directly if you would like to meet him for office hours.

**COURSE SCHEDULE**

Tuesday	Thursday
1/19 – 1 Introduction Chapter 1	1/21 – 2 Introduction Chapter 2
1/26 – 3 Introduction Chapter 3, Appendix	1/28 – 4 Theoretical Foundations: Public Goods Chapter 4
2/2 – 5 Theoretical Foundations: Public Goods Chapter 4	2/4 – 6 Theoretical Foundations: Externalities Chapter 5
2/9 – 7 Theoretical Foundations: Externalities Chapter 5	2/11 – 8 Theoretical Foundations: Environmental Policy Reading to be assigned
2/16 – 9 Theoretical Foundations: Education Chapter 7	2/18 – 10 Theoretical Foundations: Health Care Chapter 10
2/23 – 11 Review Session <i>Problem Set #1 due</i>	2/25 – 12 <b>Midterm #1</b>
3/2 – 13 Revenues: Taxation and Distribution Chapter 14	3/4 – 14 Revenues: Taxation and Distribution Chapter 14
3/9 – Spring break; no class	3/11 – Spring break; no class
3/16 – 15 Revenues: Taxation and Efficiency Chapter 15	3/18 – 16 Revenues: Taxation and Efficiency Chapter 15
3/23 – 17 Revenues: Efficient and Equitable Taxes Chapter 16	3/25 – 18 Expenditures: Cost-Benefit Analysis Chapter 8 <i>Problem Set #2 due</i>
3/30 – 19 Expenditures: Cost-Benefit Analysis Chapter 8	4/1 – 20 Expenditures: Social Security Chapter 11
4/6 – 21 Expenditures: Social Security Chapter 11	4/8 – 22 Expenditures: Programs for the Poor Chapter 13
4/13 – 23 Expenditures: Programs for the Poor Chapter 13	4/15 – 24 Revenue System: Personal Income Tax Chapter 17 <i>Problem Set #3 due</i>
4/20 – 25 Revenue System: Personal Income Tax Chapter 17	4/22 – 26 Revenue System: Personal Taxation and Behavior Chapter 18
4/27 – 27 Revenue System: Personal Taxation and Behavior Chapter 18	4/29 – 28 – Last class day Review session <i>Problem Set #4 due</i>
5/4 – No Class	5/6 – <b>Final exam; 12 noon – 3pm, Bryan 213</b>