

**Mississippi Valley State University**  
**Rural Public Policy and Planning Program**  
**RP 505: Economic Analysis of State and Local Government**  
**Spring 2019**

**Course time:** TBA  
**Location:** Online

**Instructor:** Dr. Richard Mushi                      **Office:** SSB MRPP Room  
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**Office Hours:** Mondays (3:00 – 8:00 p.m.)  
                          Tuesdays (9:00 a.m. – 5:00 p.m.)  
                          Thursdays (3:00 p.m. - 6:00 p.m.)  
                          Other times by appointment

**For Technical Support :** Contact Mr. Mack Pendleton, Continuing Education, at 662-254-3114 or 254-3913 Email (for blackboard only): [pendleton.bb.mvsu@gmail.com](mailto:pendleton.bb.mvsu@gmail.com)

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### **Course description**

The course develops the framework and concepts of microeconomics for the purpose of applying them to the analysis of rural and public sector policies and issues from such topical areas as transportation, housing, energy, ecology, public health, community development, law enforcement, recreation, and regulation. It provides an exploration of the rationale for public revenues and expenditures with emphasis on practical application and current state and local finance issues.

### **Objectives**

Most government services that affect everyday life are provided and primarily financed by state and local governments. These include police and fire protection, public education, sanitation and refuse removal, street and road maintenance, water supply, recreation, and environmental protection. Specifically, this course examines the expenditure and revenue decisions of state and local governments and fiscal aspects of intergovernmental relations. The principal objectives of the course are to develop analytical tools, primarily drawn from microeconomics, for understanding the behavior of voters, public officials, businesses, and other actors affected by state and local policy; and to provide tools that help students make fiscal policy decisions. The course helps in answering the following questions:

- ✚ Why do we need a public sector?
- ✚ Why do we need multiple layers and units of government within the public sector?
- ✚ Which level of government should provide what services?
- ✚ How are decisions made regarding the level and mix of goods/services provided by the state and local public sector, and why do such significant differences exist?
- ✚ How do the state and local public sector finance its activities?
- ✚ Why should businesses pay taxes, and what is the “fair share” of taxes that business should pay?
- ✚ How are the benefits and costs of state and local government spending and financing decisions distributed among individuals?
- ✚ How do the state and local public sector tax and spending policies affect the economy, and what impact does the economy have on the finances of the state and local public sector?
- ✚ What are some of the significant challenges (and opportunities) facing the state and local public sector in the early part of the 21<sup>st</sup> Century?

## Expected Student Learning Outcomes

Overall, upon completion of this course, students should:

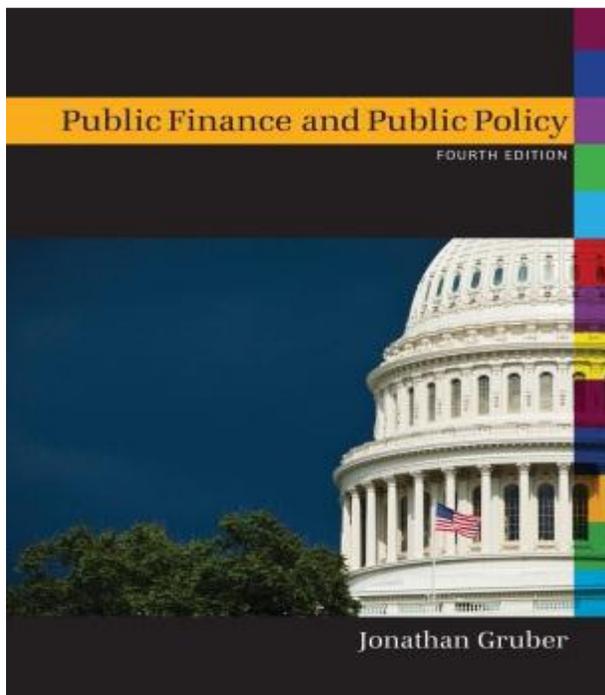
- ✚ Be familiar with basic macro and microeconomic terms
- ✚ Understand and apply economic principles to the rural issues such as economic development, Transportation, Health and welfare, and Education

Specific learning outcomes are stated in each module.

## Required Textbooks

Jonathan Gruber (2013) *Public Finance and Public Policy*, 4<sup>th</sup> Edition. NY: Worth Publishers. ISBN-10: 1-4292-7845-5 ISBN-13: 978-1-4292-7845-4

Supplementary: Ronald C. Fisher (2011) *State and Local Public Finance*, 3<sup>rd</sup> Edition. OH: Cengage Learning (Selected chapters). ISBN-13: 978-1-133-35956-2 or ISBN-10: 133-35956-6.



Other readings to complement the textbook will be provided as handouts.

**Student Purchase Options for *Public Finance and Public Policy*, 4<sup>th</sup> Edition** by Jonathan Gruber © 2013 Worth Publishers

**This book is *REQUIRED* for your course.**

Get it from MVSU campus bookstore or purchase it from your publisher at <http://worthpublishers.com/Catalog/product/publicfinanceandpublicpolicy-fourthedition-gruber>

### CourseSmart eBook

Purchase it from the CourseSmart Web site at: <http://www.coursesmart.com/public-finance-and-public-policy-fourth-edition/gruber-jonathan/dp/9781429278454>

**FREE study tools available**

**Student Center Website:** Free student sites give students a way to extend their Worth book, online. These book-specific sites provide one destination to practice and study — and to find and access the eBook and premier collections of video, models, and multimedia resources. Go to <http://bcs.worthpublishers.com/gruber4e/> to start accessing your free study tools. Study more

efficiently and strengthen your critical analysis skills by working through the variety of chapter quizzes, summaries, and other exercises under students' center.

### Expectations

- ✦ This course is designed to meet virtually. It is essential that you access the course site Monday through Friday for course announcements, interact with your peer through discussion, complete questions/problems/assignments/projects, and take self-test quizzes.
- ✦ When you enroll in this course, you have agreed to contribute to weekly discussions by accessing the Discussion Board regularly (2-3 times per week, Monday through Friday). This requires a team effort, with respect and help for each other, as we build a community of learners. We also expect that you have a foundational understanding of Internet terms and functions. All general class correspondence should be submitted to the relevant Discussion Board forum; only personal or confidential matters should be directed to the instructor in an e-mail.
- ✦ I will monitor and facilitate class discussions (Monday through Friday), respond to individual questions within 24 to 48 hours, provide timely feedback on written assignments, projects, questions, and problems, and help build a learning community.

### Student Requirements

a. Read the course Homepage for instructions on how to participate in this course. This course is being taught in an online format. Keep in mind that this is not a computer course. Instructions on accessing the Blackboard course Environment are from the Student Demo Homepage. From the Blackboard course Environment, you can obtain a copy of the course syllabus, and access all course modules for submitting discussion items, assignments, and exams. Email is also available.

**b. Download a copy of the course syllabus and retain it for the entire semester.** The syllabus contains all course requirements and materials including assigned readings, discussion items, assignments, and exams. All course content may be accessed through the Blackboard course Environment link from the Course Homepage. You are responsible for all assigned readings each week as identified in the course syllabus. Weekly PowerPoint presentation will accompany your assigned readings. Do not attempt to respond to the discussion questions before reading the assigned material for the week.

**c. Weekly Schedule and Assignments.** Every week, you should expect to log in to the course site no fewer than 2-3 times. Each week of the course will have a corresponding instructional unit which includes your assigned reading, instructor commentary, and weekly discussion questions. You should complete your readings and review of the course commentary before posting answers/reflections to the discussion questions. In addition to posting your original posting addressing the discussion question by Wednesdays at noon, you must comment/reflect upon the postings of your peers by noon each Friday.

(1) **Questions and Problems:** These questions and problems in the textbook are there to help guide you into studying essential points within the chapters. Each student is required to post answers to the selected questions and problems the instructor will assign on a weekly basis. The instructor may select questions and problems from the textbook and or design any other questions as deemed appropriate to the topic. Your answers/responses must reflect your understanding of the material identified for you to read. In your answers make sure you cite the page numbers where your answer is located.

(2) **Assignments/Projects:** You are required to complete at least one individual assignment/project and one group assignment/project on the topics that the instructor will assign.

(3) **Exams:** Two examinations are given, a midterm and a final examination. You are expected to take these exams through Blackboard during the semester. You should check the course outline in Blackboard or the course syllabus to find out when these exams are scheduled and mark them on your calendar, so you do not forget to take them. You **MUST** remember to log on and take the exams. If you fail to take an exam for any reason other than medical illness, death, or another similarly serious conflict which kept you from accessing a computer for the entire availability of the exam, you are not be allowed to make up the exam. If you do suffer one of these serious conflicts, you must notify me immediately. I will not accept any excuses at the end of the semester. Exam questions are based on assigned readings. **Exam answers are only accepted via the controlled environment of the online exam module. All exams are timed.** Typically, you are allowed 120 minutes to take an exam. Always check the time limit on the exam before beginning. Each exam is accessible for 5 days; I will usually inform you via the Blackboard communication mail. **You have only one opportunity to take each exam.** You should, therefore, try to take the exam as early as possible, so if you experience trouble, we can try to fix it. Don't wait until the last minute and then tell me you had computer or connection problems.

**Important:**

i. Please use the companion website <http://bcs.worthpublishers.com/gruber4e/> to access Online Self-test quizzes, Key Term Flashcards and PowerPoint Presentations. You can also use web links tool to locate outside resources and readings on the web that relates to topics covered in the textbook.

ii. **Questions/problems/assignments/projects:** Complete all questions, problems, assignments, or projects and submit them into the Blackboard respective module no later than Friday at 6:00 pm of the week that it is due. Read each assigned work entirely and respond to the question(s) associated with the assignment. Give sufficient details in your responses so that it is evident that you read the chapter and understand the material. **Do not plagiarize (take information verbatim from a source without citing the source) or give direct statements from the book in response to questions (when you are using the textbook, please show the page number where the information is from).** You must be able to make your assessment of the information that you read and write about.

iii. **Additional Exam requirements:** NO MAKE-UP exams are given. Take exams as soon as they are available to give yourself a little time in case something happens with your computer or the Blackboard server. There is no extension of testing dates because of personal computer failure. If you wait until the last minute and then your computer does not work, you will receive a zero for the exam. If your computer is unstable, plan to take the exam from a different computer that is more reliable. Failure to protect your account access and ensure your proper login identification is not a valid excuse for missing an exam. The use of online exams requires an assumption of academic honesty on the part of the student. You can use any of your notes you like to take these exams, but you must take them on your own. Any evidence that someone else has taken an exam on your behalf, or that you took an exam with the assistance of someone else, or for someone else, will result in automatic failure of the course for you and any other class member(s) involved with no exceptions. **If you are unfamiliar with online testing and worried about being able to access the system successfully use the help module on the Blackboard or contact me for further instructions.**

## Academic Integrity Policy

Academic integrity includes a commitment to the values of honesty, trustworthiness, fairness, respect, and responsibility. Academic integrity is violated by any dishonest act that is committed in an academic context. Honesty and integrity are essential values of the Mississippi Valley State University's mission to pursue truth and knowledge. Therefore, Mississippi Valley State University will not tolerate academic dishonesty in any form and will impose sanctions if demonstrated. Academic dishonesty erodes the quality and value of degree conferred.

Although the faculty is responsible for establishing standards for moral and academic excellence in teaching and learning, these standards can be reached only with the cooperation and support of students. Students are expected, therefore, to accept responsibility for maintaining honesty and integrity in all acts inside and outside the classroom, studio or laboratory.

For a detailed description of sanctions and appeal procedures consult Student Handbook and Undergraduate Catalog.

## Diversity Statement

Mississippi Valley State University is committed to creating a community that affirms and welcomes persons from diverse backgrounds and experiences and supports the realization of their human potential. We recognize that there are differences among groups of people and individuals based on ethnicity, race, socioeconomic status, gender, exceptionalities, language, religion, sexual orientation, and geographic area. All persons are encouraged to respect the individual differences of others.

## Services for Students with Disabilities (SSD)

Mississippi Valley State University is committed to providing reasonable accommodations for students with a documented disability. If you feel you are eligible to receive accommodations for a covered disability (medical, physical, psychiatric, learning, vision, hearing, etc.) and would like to request it for this course, you must be registered with the Services for Students with Disabilities (SSD) program administered by University College. It is recommended that you visit the Disabilities Office located inside the Social Sciences Building in Room 105 to register for the program at the beginning of each semester.

For more information or to schedule an appointment, please contact Mrs. Kathy Brownlow via phone or email at 662-254-3443 or kbrownlow@mvsu.edu.

## Grade Appeals:

Any student who believes s/he has been graded unfairly, even after talking with me, may appeal that grade by following the procedures set out by the University in the Student Handbook. It is your responsibility to prove that you deserve a higher grade. Keep all copies of your work.

## Instructional/Learning Strategies

An online video presentation will precede each module by the instructor. The rest of instruction will be in the form of online PowerPoint lectures downloaded online from the course modules, chapter readings, and supplementary handouts, discussions, assignments and online quizzes from the primary textbook. Supplementary handouts will be appended to the course module. **Each student will spend a minimum of 2,250 minutes on course activities for 3 credit hours course.**

## Performance Standards and Grading Policy

	Points	% of grade
❖ Discussions	100	10%

❖ Assignments/projects	100	20%
❖ Questions and problems	100	20%
❖ Quizzes	100	10%
❖ Mid-Term exam	100	20%
❖ Final Exam	<u>100</u>	<u>20%</u>
	Total 600	100%

Grading Scale		Points
90-100	= A	540-600 = A
80-89	= B	480-539 = B
70-79	= C	420-479 = C
60-69	= D	360-478 = D
0-59	= F	0-359 = F

### Course Schedule

Week/Date	Topics/Activities	Time required
<b>Week 1</b> Jan. 07-11	<p>You are now familiar and ready to start the course. To do so, please complete the following activities:</p> <ul style="list-style-type: none"> <li>✚ Discussions with Mr. Mack Pendleton, Continuing Education, regarding how to use the Blackboard and be successful in your online class.</li> <li>✚ Please contact Mr. Pendleton at 662-254-3114 or email: mackjpendleton@gmail.com</li> <li>✚ Please download the syllabus and read for more insight about what was presented in the welcome note. If you have questions, do not hesitate to contact me by email or on the discussion board).</li> </ul> <p>Complete the following assignment. This assignment requires you to indicate:</p> <ul style="list-style-type: none"> <li>✚ Name: Last, First</li> <li>✚ Convenient Phone: Office, Home (if contact is needed)</li> <li>✚ E-mail address</li> <li>✚ Degree Program</li> <li>✚ Major</li> <li>✚ Job title, if working, and employer</li> <li>✚ Previous economics or financial background, if any.</li> <li>✚ Statement of your expectations in the course.</li> </ul> <p>Due: Jan. 12, 2019</p>	<b>40 mins.</b>
<b>Week 2</b> Jan. 14 – 18	<p><b>Introduction: Why Study State and Local Government Finance</b></p> <p>Upon completion of this module, students will understand the importance of the study of state and local government financing moreover, associated mechanisms, four questions of public finance, institutional facts such as the size of state and local governments, the role of state local governments compared to the the federal government, and how services provided by state and local governments are financed.</p> <p>Reading assignment: Fisher, Chapter 1 (Handout); Gruber, Chapter 1 (23 pages) Quiz Gruber chapter 1 due on Jan. 19, 2019 Discussion Question 1 assigned.</p>	<p><b>60 mins.</b></p> <p><b>60 mins.</b></p>

	Questions/Problems for week 2 assigned	
<b>Week 3</b> Jan. 21-25	<p><b>Microeconomic Analysis: Market Efficiency and Market Failure</b></p> <p>Upon completion of this module, students will understand the economic role of government generally, and where state and local government fit in, what economic tools can state, and local governments use to carry out their economic responsibilities equitably and efficiently.</p> <p>Reading assignment: Fisher, Chapter 2 (Handout); Gruber, Chapter 2 (39 pages) <b>Quiz Gruber chapter 2 (due date to be announced).</b> Discussion Question 1 due on Jan 26, 2019 Questions/Problems for week 2 due on Feb. 02, 2019</p>	<p><b>120 mins.</b></p> <p><b>60 mins.</b></p>
<b>Week 4</b> Jan 28-Feb. 01	<p><b>Demand for Local Public Services</b></p> <p>Upon completion of this module, students will understand how prices of goods and services, incomes, and personal characteristics affect the demand for government services by Voters. For example, they will understand how sensitive is consumption of education to changes in the price of that service, whether the desired consumption of state and local government services increase or decrease as consumer's incomes rise and by How much? Moreover, what demand imply about benefits from the state-local government services.</p> <p>Reading assignment: <b>Fisher, Chapter 4 (Handout);</b>* To be made available upon notice Gruber, Chapter 2 &amp; 10 (27 pages) <b>Quiz Gruber chapter 10 (due date to be announced)</b> Discussion Question 2 due Feb. 09, 2019 Questions/Problems for week 3 due on Feb. 09, 2019</p>	<p><b>120 mins.</b></p> <p><b>60 mins.</b></p>
<b>Week 5</b> Feb. 4-8	<p><b>Cost and Supply of State and Local Goods and Services</b></p> <p>Upon completion of this module, students will understand how important economic factors that determine supply -- prices of those goods and services, prices of factors of production, and production technology --- influence the amount of those goods and services produced and how they are produced; how the methods of financing state and local government goods and services such as user charges, intergovernmental grants, and borrowing can affect the amount of goods and services produced.</p> <p>Reading assignment: Fisher, Chapter 7 (Handout); Gruber, Chapter 10; and State and Local Government Expenditures Handouts. Discussion Question for week 4 due Feb. 16, 2019</p>	<p><b>120 mins.</b></p> <p><b>60 mins.</b></p>
<b>Week 6</b> Feb 11-15	<p><b>Cost and Supply of State and Local Goods and Services, contd.</b></p> <p>Reading assignment: <b>Fisher, Chapter 8 &amp; 9 (Handout)</b> Discussion Question for week 5 due Feb. 23, 2019 Questions/Problems for week 4 due on Feb. 23, 2019</p>	<p><b>120 mins.</b></p> <p><b>60 mins.</b></p>

<b>Week 7</b> Feb. 18-22	<b>Externalities and Public Goods</b> Upon completion of this module, students will understand the concept of externality and the mechanisms or tools governments use to address the problems of externalities Reading assignment: Gruber, chapter 5 (28 pages) & 7 (8 pages) Quiz Gruber chapter 5 (Due date March 02, 2019,-Instructor to give a quiz	<b>120 mins.</b>  <b>60 mins.</b>
<b>Week 8</b> Feb. 25-Mar 1	<b>Revenue for State and Local Governments</b> Upon completion of this module, students will understand types of taxation that exist in the United States, at federal, state, and local levels. Reading assignment: Gruber, Chapter 18 (33 pages); Fisher, Chapter 12: Handouts: Evaluating Alternative Revenue Sources Questions/Problems for week 7 due March 23, 2019 Quiz Gruber chapter 7 due March 23, 2019	<b>120 mins.</b>  <b>120 mins.</b>
<b>Week 9</b> Mar. 4-8	<b>Midterm Exams</b>	<b>160 mins.</b>
<b>Week 10</b> Mar. 11-15	<b>Spring Break</b>	
<b>Week 11</b> Mar. 18-22	<b>Revenue for State and Local Governments, contd.</b> Reading assignment: State and Local taxes (Handouts); Gruber, Chapter 18 Quiz Gruber chapter 18 due March 30, 2019	<b>60 mins.</b>  <b>40 mins.</b>
<b>Week 12</b> Mar. 25-29	<b>Applications and Policy Analysis: Education</b> Reading assignment: Fisher, Chapter 19; Gruber, Chapter 11 (28 pages) Discussion question for week 6 due April 06, 2019	<b>120 mins.</b>  <b>40 mins.</b>
<b>Week 13</b> Apr. 1-5	<b>Applications and Policy Analysis: Education, contd.</b> Reading assignment: Fisher, Chapter 19; Gruber, Chapter 11 <b>Quiz</b> Gruber chapter 11 due April 13, 2019	<b>120 mins.</b> <b>30 mins.</b>
<b>Week 14</b> Apr. 8-12	<b>Applications and Policy Analysis: Health and Welfare</b> Reading assignment: Fisher, Chapter 21; Gruber, Chapter 15 (32 pages) Quiz Gruber chapter 15 due April 22, 2019	<b>180 mins.</b> <b>60 mins.</b>
<b>Week 15</b> Apr. 15-19	<b>Applications and Policy Analysis, contd.</b> Reading assignment: Gruber, Chapter 17 (32 pages) Quiz Gruber chapter 17 due April 23, 2019	<b>120 mins.</b> <b>30 mins.</b>
<b>Week 16</b> Apr. 22-26	<b>Graduating Seniors final exams – April 24, 2019</b>	<b>160 mins.</b>
<b>Week 17</b> Apr. 29-May 3	<b>Final Exam (May 2, 2019)</b>	<b>160 mins.</b>
	<b>Total Virtual Time Required</b>	<b>2,570</b>

*NOTE: This document does not constitute a contract with the University. It contains guidelines. The instructor reserves the right to make changes as necessary.*