**Course Syllabus**

**Fall 2021-2022**

**Dr. Barrak Algharabali**

**PA 388 – Public Budgeting & Public Financial Management**

**Lecture Time and Location:**

**PA 388/02A**  : S & T & TH TIME 11:00 – 11:50 Room # C2 1022(2nd floor)

**Contact Information:**

**Location** : Department of Public Administration floor 3, Office B3/1030

**Email** : [Barrak.Algharabali@ku.edu.kw](mailto:Barrak.Algharabali@ku.edu.kw) (best way to reach me)

**Office Hours** : Sundays & Tuesdays from 12 pm to 1 pm or by appointment

**MyU Account** :@Balgharabally (find the course under my account)

**Social Media** : @Balgharabally (These are alternative forms of communication)

**Teaching Assistant:** TBA

**Course Description:**

The public sector plays an essential role in society. The public sector and governments provide resources and produce goods and services that are crucial for a well-functioning society. However, fulfilling this role requires solid plans that encompass what will be produced, how it will be financed, and how it will be accounted for. This course explores these questions.

We start the course with understanding what the budget is and what we mean by governmental budgeting? We then explore the major theories of governmental budgeting and the budgetary process. Then we will cover why does the government intervene in the economy, and cover the major questions that relate to the role of the government in the economy. Then we will start to take a deeper look at the Kuwaiti budget and some of its issues, which includes taking a deeper look at deficit financing. The next part focuses on the Kuwaiti budgetary cycle where we will cover all stages of the process of approving the budget with some details of what happens in each stage. Then we will jump into the world of taxation and we start introducing the principles of taxation, the major types of taxes, and some issues with each type of tax. We then will conclude the course by providing an introduction to governmental debt management where we will cover topics like types of bonds and credit enhancements. The course will also introduce cost-benefit analysis, forecasting, and time value of money and how these can be useful tools for decision making.

**Course Learning Objectives:**

After the completion of this course students should be able to:

* Get introduced to the main terminology of governmental budgeting.
* Understand the main theories and techniques of governmental budgeting like incremental budgeting, zero-base budgeting, and performance budgeting.
* Get a general understanding of the budgetary process and the budgetary cycle in Kuwait.
* Understand forecasting and how it is an essential tool when it comes to governmental budgeting.
* Understand the role of the government in the economy
* Acquire a general understanding of the Kuwaiti governmental budget
* Get introduced to the major types of taxes around the world
* Get introduced to the Kuwaiti tax system
* Get introduced to the world of governmental debt management, and get introduced to bonds.
* Understand the effective role of cost-benefit analysis and how it can be a useful tool to make budgetary decisions.

**Required Material:**

**Textbooks:**

* Lee, R. D., Johnson, R. W., & Joyce, P. G. (2013). *Public budgeting systems 9th edition*. Jones & Bartlett Publishers.
* Gruber, J. (2013). *Public finance and public policy 4th edition*. Macmillan.

**Additional Material:**

Other course material that we will use throughout the course, including course PPT Slides will be available on our class page on Microsoft Teams.

**Course Requirements and Policies:**

The schedule of topics and when we will cover them is attached. Teaching/learning methods used in this course include lectures, class discussions, discussing real-life examples and contemporary issues, and other assignments. You must be prepared for each class by reading the required material. You may be assigned to a group, where you will required to discuss any specific topic or case that we will cover in class. Class participation is essential for the learning outcome because it will foster a better understanding for the concepts and topics that we will cover throughout the course.

The course requirements are as follows:

* **Three Exams:** There will be two midterms and a final exam. Exams will be based on the material that we will cover during the semester. The FINAL EXAM IS COMPREHENSIVE. The dates of the exams are in the table below. **However, the instructor retains the right to change the dates. There are no makeup exams.**
* **Three Mini Projects:** students will be required to work on two mini projects throughout the semester. The projects will be based on the numerical problems (math problems) that we will cover during the semester. The idea behind the projects is to help you practice those numerical problems in order to prepare you for exams.
* **Assignments:** there could be various assignments throughout the semester. The assignments will help you understand the material and tie the concepts.
* **Class Participation:** in class participation and case discussions will help make a more interesting and successful class. It is necessary that each student to be committed to the “4 Ps” of student involvement for the course to be more successful: *preparation, presence, promptness, and participation*. Appropriate class etiquette is part of effective participation. Brining in “current examples and events” is an easy way to participate in class. Active students in class might receive a bonus at the end of the semester.
* **Class Attendance:** Class attendance is required, and students are expected to attend class regularly. Missing classes will affect your grade. A student who incurs an excessive number of absences may be withdrawn from a class at the discretion of the professor and in accordance to the class attendance policy of the university. If a situation arises that would cause you to miss class, please notify the professor in advance through any available mean of communication. It is the student’s responsibility to make arrangements regarding any missed materials or assignments.

**Important Dates:**

|  |  |  |
| --- | --- | --- |
| **Important Dates** | **Event** | **Notes** |
| **TBA** | **Midterm 1**   * **Chapters 1 and 2 from Lee Book** * **Chapters 1 and 4 from Gruber book** | Time & place TBA |
| **TBA** | **Midterm 2**   * **Chapters 3, 4, and 5 from Lee Book** * **Forecasting Handout** | Time & place TBA |
| **TBA** | **Last day of classes** |  |
| **TBA** | **Final (comprehensive)** | Time & place TBA |

**Note: the instructor retains the right to change the dates.**

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 10% | Attendance & Participation |
| 10% | Mini Projects |
| 3.3% | Mini Project 1 |
| 3.4% | Mini Project 2 |
| 3.3% | Mini Project 3 |
| 20% | Exam 1 |
| 20% | Exam 2 |
| 40 % | Final Exam |
| 100% | TOTAL |

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Grade Distribution:**

|  |  |
| --- | --- |
| **Grade** | **Range** |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline:**

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| --- | --- |
| **Topics** | **Reading for the week** |
| Introduction to Governmental Budgeting:   * What is budgeting? * Public sector VS private sector * Main budgeting theories | Chapter 1 (Lee Book) |
| Why Study Public Finance:   * The four questions of public finance * Why study public finance * Facts on the US government and governments around the world | Chapter 1 (Gruber Book) |
| Budget Analysis and Deficit Financing:   * Budgeting Terminology * Some techniques to try controlling the budget deficit * Time value of money   Why do we care about the government’s fiscal position? | Chapter 4 (Gruber book) |
| The Public Sector in Perspective   * The size of government debate * Measuring the size of the government * Patterns of revenues and spending of the Kuwaiti and US budgets | Chapter 2 (Lee Book) |
| Forecasting | Handout |
| Government, the Economy and Economic Development:   * Government’s role in the economy * Fiscal Policy * Monetary Policy | Chapter 3 (Lee Book) |
| Budget Cycles:   * The Kuwaiti Budgetary Cycle | Chapter 4 (Lee Book) |
| Budgeting for Revenues: Income Taxes, Payroll Taxes, and Property Taxes   * Tax terminology * Principles of taxation * Personal income tax * Corporate tax * Payroll tax * Property tax | Chapter 5 (Lee Book) |
| Budgeting for Revenues: Transaction-Based Revenue Sources   * Retail sale tax * Value added tax * Excise tax * Taxes in Kuwait | Chapter 6 (Lee Book) |
| Capital Finance and Debt Management   * Types of finance * Bonds * The yield curve * Bonds ratings * Credit Enhancements | Chapter 14 (Lee Book) |
| Cost-Benefit Analysis | Chapter 8 (Gruber Book) |