Innovative Budgeting and Finance for the Public Sector

Meeting time: Tuesdays and Thursdays, 9:30am – 11am in Room 9-450A
Instructor: Dr. Gabriella Y. Carolini (carolini@mit.edu)
Office hours: 3-5pm Tuesdays or by appointment, in my office (9-539).

Course Description

Governments across the globe grapple with adequately and effectively attending to public sector responsibilities for basic services with limited financial and human resources to do so. Particularly in the context of significant demographic shifts – both in terms of rapid population growth as well as shrinkage - governments are searching for innovative means of meeting public finance and planning challenges. This course provides an introductory framework for understanding typologies and methods of budgeting, accounting, and financial mobilization in the public sector. In addition to establishing financial literacy and familiarity with this basic tools portfolio, students will practice exercises to explore revenue and expenditure estimation strategies, build a knowledge base around how accounting systems and reports influence budgeting dialogues and perceptions of public sector health, and study cases to understand pioneering examples of funding mobilization via taxation, capital markets, and experimental experiences with mechanisms such as land-value capture. The practical nature of the subjects covered in this course requires full attendance and active participation from students.

Objectives

By the end of the semester, students will have a globally comparative foundation of reference in budgeting and financing experiences in the public sector. More specifically, students will be able to:

- Understand budgeting typologies and challenges in different income settings
- Conduct budgetary analyses;
- Connect data production (through accounting methodologies and objectives) to budget politics and fiscal health status.
- Formulate policy recommendations for funding capital investment budget requirements

Evaluation

A. Exercises (75%)*

*Please note that you will need access to Excel spreadsheets to complete assignments.

Students will complete three exercises (handed out in class) to establish fluency with:

I. Estimation techniques for revenues and expenditures (25%) – Due February 25th
II. Budgetary analysis (25%) – Due March 31st
III. Financing infrastructure – analysis and proposal (25%) – Due May 12th
B.  Periodical analysis, Attendance, and Participation in Class (25%)

Full attendance in class and participation in class discussion is central to this practice-based course. In addition to the student’s own initiatives in providing in-class feedback from assigned course readings, all students are required to identify and post six periodic articles on the Stellar Website – under Forum - that concern budgeting, accounting, and/or finance for the public sector. Students may choose which six (distinct) weeks to which they will contribute a news article for class discussion, but will be required to post the article by 6pm on Sundays before class meetings on Tuesdays. All students are required to check the Forum discussion and read the periodicals posted before class on Tuesday morning.

Course Readings

All readings are available on Stellar...i.e., no excuses.

I.  Budgeting

Wk 1 - Feb. 2 and Feb. 4: Cycle Overview, Typologies, and Country Comparisons


Wk 2 - Feb. 9 and Feb. 11: Understanding, Projecting, and Challenges of Revenues


Wk 3 - Feb. 18 (NO MEETING on Tuesday, February 16th): Understanding and Estimating Expenditure Requirements


Wk 4 – Feb. 23 and Feb. 25: Budgetary Analysis: Searching for Equity and Efficiency

***ASSIGNMENT 1 DUE February 25th***


Wk 5 - March 1 and March 3: Budgetary Analysis – Improving through Evaluative Power?


Wk 6 - March 8 and March 10: Budgetary Analysis – Innovating through Participation? Participatory Budgeting Exercises


II.  Accounting and Reporting

Wk 7 – March 15 and March 17: Reading Fiscal Health


City X (YOU CHOOSE, Last available year – upload to Stellar Forum) Comprehensive Annual Financial Report


**Wk 8 – March 29 and March 31: Understanding Accounting Typologies and Financial Reports**

***ASSIGNMENT 2 DUE March 31st***


**Wk 9 – April 5 and April 7: Building Better National Accounts – and Why it Matters...**


**Financial Mobilization**

**Wk 10 - April 12 and April 14: Financing Urban Development and Growth: Comparative Perspectives**


Wk 11 – April 21 (NO MEETING on April 19th):


Wk 12 – April 26 and April 28: Taxation and User Fees


Wk 13 – May 3 and May 5: Value-capture


Wk 14 – May 10 and May 12: Capital Market Financing

***ASSIGNMENT 3 DUE May 12th***

