

University of Colorado at Boulder
Department of Economics

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Economics 4231
Syllabus and Schedule
4 January 2017

Welcome. I am Prof. Jeffrey S. Zax. This is Economics 4231, Applied Economic Analysis and Public Policy.

Course description:

This course applies economic analysis to current issues of public policy in the State of Colorado. It begins with an examination of the theoretical foundations for government economic activity. It then provides a description of the structure and procedures of the Colorado General Assembly (the official name of the Colorado State legislature). It continues with detailed discussions of the basic principles of public finance, the economic justifications for government action and the contents of specific Assembly bills. Throughout the semester, students individually choose current Assembly bills, review relevant economic literature and apply the implications of that literature and our economic principles through briefing papers, in-class presentations and testimony at Assembly hearings. In addition, we participate in a cooperative project in which we rate the economic content of the bills considered during the first half of the Assembly session, and distribute these ratings to the Assembly and the public.

This course explores the challenges of integrating informed economic analysis into the legislative process. It allows students who are interested in issues of public policy to learn both about the economic analysis that is relevant to those issues and to apply what is relevant to the process of determining public policy. Although issues of public policy are addressed in many courses in the Economic Department, there is no other course in the Department that engages the public policy process directly. That engagement will be valuable to the many among our students who will be active in public policy subsequent to graduation, either through their employment or as citizens. This course should also be of benefit to the State of Colorado, because it should improve the quality and consistency of economic analysis available to the General Assembly.

This course will meet on Thursdays from 3:30 p.m. until 6:00 p.m. throughout the semester in Economics 205. Classes will consist of lectures, discussions of assignments, discussions of Assembly procedures and individual presentations. You should expect to attend every class. I will drop any student who is enrolled at the beginning of the semester and who misses the first

class, 19 January, without first obtaining an excuse from me. I will hold regular office hours between 2:00 p.m. and 4:00 p.m. on Tuesdays and between 2:00p.m. and 3:00p.m. on Thursdays in Economics 111, my office. Appointments may be made for meetings at other times, if these are inconvenient. Course information will be posted regularly on Desire2Learn. Notifications will be posted there as well, and sent via campus email. It is your responsibility to monitor both.

Course prerequisites:

This course requires previous completion of Economics 3070, Intermediate Microeconomic Theory and Economics 3080, Intermediate Macroeconomic Theory, or their equivalents. These prerequisites will ordinarily be enforced. If you have questions in this regard, contact me at the email address above.

Course requirements:

Performance in this course will be judged on the basis of six instruments. For 80 points, or 80% of the course, each student will be responsible for choosing four bills before the Colorado General Assembly during the course of the semester. Each bill can be chosen by no more than one student. The basic assignment for each of these bills will be worth 15 points, or 15% of the course. Each assignment will consist of three components.

The first component will be a briefing paper consisting of no more than five pages of text, with additional pages only for reference lists. The paper will summarize the relevant literature and present an original economic analysis in language and figures that would convey the essence of the material to a general audience. Each of these papers will be worth 8 points, or 8% of the final grade.

Each paper may be submitted in up to four drafts. The deadlines for the final drafts are 16 February, 9 March, 6 April and 27 April, at 11:59p.m. The most recent draft as of each of these dates will be graded. If no draft has been submitted as of these dates, the grade will be zero. Papers can be submitted prior to these dates and may have to be, depending on the Assembly schedules for the bills in question.

These papers must be type-written, double-spaced, and have conventional margins. Papers that exceed the maximum lengths, either in physical length or because of compressed format, will be penalized. They must be submitted to me electronically at the email address above in the Adobe pdf format. The computers in the computer lab in the basement of the Economics Building can create pdf files from Word files. Make sure that you arrange to convert your papers to .pdf format before the deadline for submission. Speak with me **in advance** if you anticipate difficulty with this requirement. **Only pdf files will be accepted.**

The second and third components of the assignment for each bill can be undertaken only if the final draft of the paper attains a grade of at least 6 points out of 8. If the final draft does not attain this standard, the grades for the second and third components will both be zero.

The second component of each bill assignment will consist of confirmed distribution of the briefing paper to appropriate members of the General Assembly. I must approve each paper for distribution. Distribution should occur via email, with myself as one of the recipients. Papers must be distributed after the receipt of approval, and within five days of that receipt in order to receive credit. Each distribution will be worth 2 points, or 2% of the final grade.

The third component of each bill assignment will consist of a testimony presentation. This presentation will condense the associated briefing paper into a three-minute oral presentation. This presentation will take place in class. Each of these presentations will be worth 5 points, or 5% of the final grade. Presentations should ordinarily follow the submission of final paper drafts. If the General Assembly schedules for the bills in question demands otherwise, you must receive permission from me in advance.

In addition to the basic assignment associated with each bill, students will be required to present verbal testimony in person to the General Assembly. As a consequence of the difficulty of coordinating Assembly and student schedules, this requirement will apply to any two of the four bills analyzed by each student. The accomplishment of each instance of verbal testimony will be worth 10 points, or 10% of the final grade.

Students must receive explicit approval from me before they may testify for course credit. Ordinarily, approval is granted only if the associated briefing paper has already been accepted, the associated oral presentation has occurred in class and has attained a grade of at least 3.5 out of 5 points. Any exceptions to this policy must be granted by me in advance of testimony.

The fifth graded instrument will be a mid-term legislative report card, to which all students will contribute. Each student will be assigned a share of the current Assembly bills for the purpose of evaluating their suitability as objects of government action. We will compile the evaluations of all students into a single document for distribution. Each student's contribution will be worth 10 points, or 10% of the final grade. The legislative report card will be due on 16 March.

The sixth graded instrument is the final examination. It will examine the material in the formal lectures and readings, as well as the experience of interacting with the Assembly. It will be worth 10 points, or 10% of the final grade. It is scheduled to take place on Thursday, 5 May from 1:30p.m.-4:00p.m.¹

¹ University policies regarding multiple final examinations on the same day are available at <http://www.colorado.edu/policies/final-examination-policy>.

Excuses for course requirements will be granted only under extraordinary circumstances. If granted, the excused points will be reallocated to subsequent requirements. The course as a whole is valued at 100 points. The score attained by each student, evaluated relative to those of other students and to the score which would be attained by an intelligent student of economics at this level, will determine final letter grades.

Course resources:

Most of the assigned readings are in the textbook by Harvey S. Rosen and Ted Gayer, Public Finance, 10th edition, McGraw-Hill, New York, 2014, ISBN 978-0-07-802168-8. The complete textbook is available for purchase at the book store. The 9th edition may also be sufficient, but students rely upon it at their own risk.

The remaining pamphlets, assigned for 26 January, may be obtained at the Desire2Learn website for this course. Additional readings may be assigned at my discretion. Students will be responsible for identifying readings that are relevant to their individual topics.

Tentative schedule:

<u>Date</u>	<u>Lecture title, readings and assignments</u>
19 January	Introduction to the normative public finance and the Colorado General Assembly Readings: <ul style="list-style-type: none">• Rosen and Gayer, chapter 3• The website of the Colorado General Assembly: http://leg.colorado.gov/.
26 January	Field trip to Colorado State Capital Readings: <ul style="list-style-type: none">• "An Overview of the Legislative Process"• "The State Budget Process: A Staff Perspective"• "Rules and Regulations: A primer on formal rulemaking processes and procedures in Colorado"• "The Case for Representative Democracy: What Americans Should Know About Their Legislatures", the National Conference of State Legislatures, 2001.• "Learning the Game: How the Legislative Process Works", the National Conference of State Legislatures, 2005.• "Making Your Case: How to Win in the Legislature", the National Conference of State Legislatures, 2005.

2 February	Normative public finance I: Public goods and externalities Readings: • Rosen and Gayer, chapters 4, 5
9 February	Two central issues: Job creation and taxation Readings: • To be announced
16 February	Normative public finance I: Public goods and externalities Readings: • Rosen and Gayer, chapters 4, 5 Assignment: • First paper due today
23 February	Normative public finance I: Public goods and externalities Readings: • Rosen and Gayer, chapters 4-5
2 March	Normative public finance II: Cost-benefit analysis Readings: • Rosen and Gayer, chapter 8
9 March	Taxation Readings: • Rosen and Gayer, chapters 14-16 Assignment: • Second paper due today
16 March	Taxation Readings: • Rosen and Gayer, chapters 14-16 Assignment: • Assembly scorecard due today
23 March	Taxation Readings: • Rosen and Gayer, chapters 14-16
6 April	Education Readings: • Rosen and Gayer, chapter 7 Assignment: • Third paper due today
13 April	Health care Readings: • Rosen and Gayer, chapters 9, 10
20 April	Social welfare Readings: • Rosen and Gayer, chapter 13
27 April	Government structure and legislatures Readings: • Rosen and Gayer, chapters 6, 22 Assignment: • Fourth paper due today
4 May	Government structure and legislatures Readings: • Rosen and Gayer, chapters 6, 22

11 May

Final examination: 1:30p.m.-4:00p.m.

University policies:

The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974.² Campus policy regarding disabilities requires that faculty adhere to the recommendations of Disability Services. In addition, campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly accommodate all students who, because of religious obligations, have conflicts with scheduled examinations, assignments or required attendance. Any student eligible for and needing academic adjustments or accommodations because of disability or religious practice should arrange to meet with me immediately. Those with disabilities should immediately submit a letter from Disability Services describing appropriate adjustments or accommodations.³

Students and faculty share responsibility for maintaining an appropriate learning environment. All are subject to the University's policies on Sexual Harassment and Amorous Relationships.⁴ Students who fail to adhere to appropriate behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which students express opinions.⁵ I am happy to discuss any issues of individual or group treatment in office hours or by appointment.

All students of the University of Colorado at Boulder are responsible for knowing and adhering to this institution's policy regarding academic integrity. Cheating, plagiarism, fabrication, lying, bribery, threatening behavior and assistance to acts of academic dishonesty are

² A description is available at <http://www.colorado.edu/registrar/resources/family-educational-rights-and-privacy-act-ferpa>.

³ University policies regarding religious practice are available at <http://www.colorado.edu/policies/observance-religious-holidays-and-absences-classes-and-or-exams>. University policies regarding disabilities are available at <http://disabilityservices.colorado.edu>. Disability Services can be contacted by telephone at 303-492-8671, or in person at Willard 322.

⁴ University policies regarding Sexual Harassment and Amorous Relationships are available at <http://www.colorado.edu/institutionalequity/policies>. The Office of Institutional Equity and Compliance can be reached by telephone at 303-492-2127 or at <http://www.colorado.edu/institutionalequity/>. The Office of Student Conduct and Conflict Resolution can be reached by telephone at 303-492-5550 or at <http://www.colorado.edu/osccr/>.

⁵ University policies regarding classroom behavior are available at <http://www.colorado.edu/policies/student-classroom-and-course-related-behavior>.

examples of behaviors that violate this policy. Ordinarily, a student engaged in any act of academic dishonest will receive a failing grade for the course. In addition, all incidents of academic misconduct shall be reported to the Honor Code Office. Depending on its findings, students who are found to be in violation of the academic integrity policy will be subject to non-academic sanctions, including but not limited to university probation, suspension, or expulsion.⁶

⁶ The Honor Code Office website is at <http://honorcode.colorado.edu/>. The Honor Code office can be contacted by email at honor@colorado.edu or by telephone at 303-735-2273. Additional information regarding the Student Honor Code Policy is available at <http://www.colorado.edu/policies/student-honor-code-policy>.