

Fiscal Administration and Public Sector
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I. On the Fiscal Administration

The Introducing Thoughts

A fiscal administration shows the reality of government and public organization in their provision of public good or service for the citizen. It is an independent subject from the accounting, economic, political, and legal science, which is interdisciplinary and strives for any distinct goal of studies. A fiscal sustainability perhaps would be one ideal that this science would flounder to crystallize and hold out (Chantrill, C., 2014; Laureate Education, 2008c). The studies would be similar to the adjacent sciences, but could be defined ultimately for its unique feature or characteristic. The accounting or accounting sciences would aim to set forth the standards of evaluating the operation and asset or debt as well as the formality to show the numerical status or assessment for the businesses, mainly private and secondarily public. The fiscal administration involves these aspects, but there are many other elements to inculcate the minds of fiscal researcher, such as public ideals or social justice beyond the math or numerical requirements. The economic science would guide the criterion of practice for the government or public organization when they contemplate on the fiscal issues or challenges. The efficiency of budget or basic concepts, i.e., scanty resources or appropriability problem, non-exclusion and non-exhaustion, eminent dichotomy between the private and public sectors or privatization, distinction between provision and production, and so on, would divulge a close dialogue and interactive understanding between the two sciences (Mikesell, J. L., 2014). Nevertheless, there are differences being present invariably and conceptually between them. For example, the market failure perhaps would be one stigmatic condition to increase the profile of fiscal science (2014). A provision anticipated from the government had been defined far earlier from the classic thought, such as police and national defense. We may share the economic idea, such as Pareto criterion, but the fiscal administration would phase out a multifaceted interplay, principally because it concerns of rule of government and because of its general absoluteness. Many artificial and institutional assumption and terms would variegate the pure theory of Pareto optimal to struggle in the cause of immeasurable kinds of values or concepts. For example, democracy is based on the head count and generally from the value of equal voting in deciding a fiscal issue. The bloated payroll would perhaps presuppose an odd reality deviated from the Pareto ideals, and the logrolling or lobbying would upstage or provide a culprit to breach the economic ways of interaction or commandment. In some cases, they trade a vote to pass the public hurdle that misallocates the resources for less than efficient public programs. Nevertheless, it explains the place where we now stand, and the macro-economy or the kind of thoughts would be considered as most approximated with the quality of fiscal studies (2014). The science of fiscal administration would not disappear unless our reality would be purified, as the economic thought espoused, for the idealistic liberal market or communism. In both cases, the government would no longer be necessary and the fiscal administration is never demanded. It also would be denied if the communist ideals would become a reality any ultimately, say, perish of government and idealistic friendship of working class without exploitation. This means the fiscal administration is a practical science, not merely a theoretical framework, which is to be investigated and approached for the kind of hybrid products. As the political science is basically a bland product on the concept of political power, it could be intermingled with the fiscal science partly in areas of thought, but be made distinct among another.

Seoul City Government

One example for the discussion purpose is the Seoul City government and involved with the issue of free meals for the school students in Seoul. Seoul is a capital city of South Korea, and explains a half of national economy and one fifths of whole populace excluding that of satellite cities. The city is a political center of nation and a core of national or international exchange and communication. Seoul has reshaped its quality as an administrative unit of nation in two important moments. One is a normative restructuring grounded on the 1987 reform of Korean constitution. The reform allowed an independent chapter of local government, its election and formulation and system or status under the national government. Following the reform, the Act of Local Government and other required statutes were enacted to substantiate the freedom or autonomy of local governments in operating their agendas or issues. Hence, the kind of status became similar as we identify the US case involving the state and local governments or devolving initiatives in the United Kingdom. The increased autonomy and independence of local government have been viewed positively to serve many values that the central control of government has lacked or missed over the wake of developmental drive. On the other, it may be reflected in regret that an enormous fiscal deficit on the local governments would burden the national context of sound administration. This aspect is pivoted to create such serious challenges and worse ground swell with which the local governments now face involving the depraved controversy of free meal program. One other stimulus in shaping the local politics of nation is the leftists advance around late of 1990's and earlier of new millennium. *Dae-jung Kim* and *Moo-hyun Noh* had entered a consecutive terms of political power, and the leftist value or beliefs reincarnated themselves within the administrations. Its impact and aftermath would generally become diminished with a lapse of time for the last ten years in the national politics, but the local election would be a fostering basin to regain a groove and compensated for the defeat of national assembly election. In this structure, the superintendents for a local school district and heads of provinces or major cities now generally are governed under the leadership of progressive politicians. The free meal program can be analyzed from the concepts or theories of budget and finance of government (Becker-Medina, E., 2013).

The Free Meal Program and Theories or Concepts

One concept would pertain that a provision of meal amounted to the level of public service, which is purchased normally on the competitive basis. Without the program, the students of Seoul Education District, of course, his or her parents ultimately, should buy a food or prepare a home lunch box. On the idealistic politics of Korean leftists, the lunch in the public schools of Seoul is offered free so as to be politically converted into the public good or service where non-exhaustion and non-exclusion rule would apply. We generally accept that the economic theory or political ideals and practice alone could not generate any perfect solution of fiscal issues. The case of free meal in Seoul City discloses that the agenda has transformed into a difficult dimension as complicated by and analyzed with the diverse voices and interests. Some will argue that the program is indispensable to bring a social justice and should be sustained in terms of wealth redistribution. Some will like to demonstrate or disprove its merit by applying the Pareto criterion or public choice theory (Mikesell, J. L., 2014). Some will critique an evil aspect in decision making process pointing out a lobbying influence or political corruption as well as the politician's personal ambition of reelection. Others will raise a concern, who would give a focus on the fiscal sustainability and acceptable allocation of resources on expenditure, or justice of taxation and budget. The free meal program can well be contended with the adequate scope of governmental role or responsibility, which brings a focus of distinction between the public and private goods in terms of government expenditure. Generally, national defense, mosquito abatement, pollution

control, disease control, police and security or judicial service would be a traditional area that we class as the category of public goods (2014). The public goods can be contrasted with private goods that “the private goods will not be supplied in the market or if supplied, will be supplied in insufficient amounts because of their very nature” (2014). The problem is related with two properties, what we call exhaustion or rivalry and exclusion on which the basis of liberal market would be assumed. The market failure has incurred a due extent of public intervention by the government, who would be a final guarantor of economic stabilization and wealth redistribution. The free meal program would certainly be a hyperbole for the kind of political pundits, who would be libertarians or progressives. The libertarians would perceive to rule out the kind of services from the genuine role of government, hence, should be resolved on the market theory and free competition. The progressives would conceive a quest from the social justice and one kind of cure for the generation-continuing poverty or social stratification. That would enable a higher education for the less well to do class, and create an opportunity to promote his status or make a social success. The free meal program turns from the category of private goods to be classed as one of public goods for the local governments in South Korea, which now poses serious challenges on how to finance the required funds.

The concept of externalities would be brought into our attention. Externalities occur when “market transactions between buyer and seller affect third parties” (2014). Externalities may be positive or negative which, however, could not fail the market to provide the goods or services unless regulated, because the private return is substantial. Externalities could bring a growing awareness for the third parties group, who would influence the political process or decision to command a public intervention. The problem is social that the provision would now be skeptical about its reasonableness. In terms of externalities theory, the free meal program could be extreme or marginal in underwriting its desirability. Generally the purchase of meal to feed, in itself, would not generate any social harm or advantages. We may argue appliedly that the earlier age of students economically is not feasible to subsidize his or her food. In this apprehension, they can be an innocent third party from the market transactions of meal and food. Sensitively, they may starve in some cases because of unaffordable parents and may subsist with a poor quality and amount of meal. They normally would be within the range of physical growth, so that the kind of sad stories could affect their academic potentials and breed a physical inferiority. A modest and uniform afford of food and meal could be symbolic of fair competition and substantial justice beyond the equality of law as perfunctory.

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II. Governments and Finance & Budget

The Rule of Law on Finance & Budget

The expenditures and revenues of each level of government show what role and function the government would assume and administer to generate the public goods or services for the citizenry of respective scope of responsibility. Therefore, understanding of fiscal administration is inseparable from the normative structure of governments and their constitutional or statutory authority. The act of government especially centralized as legislative power also becomes operable from the supportive bills and fiscal resources so that the concept or distinct recognition between the budget and act would be discussed in many nations. For example, Korean scholars argue that the paradigmatic budget system should be imported to resolve encumbrances or sabotage from the majority of assembly body (Ok, D.S. & Koo, K.N., 2012). In this case, the paradigmatic budget system requires a uniform deals between the budget and appropriation act which allows a democratic control as represented by the assembly body and efficient or collaborative values in public administration. If the budget is exclusively for the authority of executive branches accompanied by a weak quality of congressional approval, the fiscal administration could be distorted or abused by the president or executive heads (2012). The confrontation or stalemate of national administration, what regularly has happened in the national assembly would also be one other evil provided if the budget is mere a numeric chart and not considered as one of act. A confrontation or dysfunction of government would be more typical if the assembly body is governed by the non-affiliation party with the presidency. The different parties across the two constitutional branches or same structure of local governments would certainly guarantee their confrontation at the end of fiscal term in period. Although the paradigmatic budget system is not a panacea as we see in the last of US case, sequestration and disabled federal government, they believe that the elevated status of national budget system in the form of legislation would help to safeguard a smooth function of national government. For example, the presidential veto for the budget bills and appropriation act could create an opportunity to negotiate and prevent a long term confrontation. They also argue that this system is far more demanded in the presidential system of government than parliamentary system since both branches would be one in the latter form (2012). In short, the kind of US system is a prerequisite in view of democratic control and civilized deals beyond the authoritative monopoly of executive branch being with a formalistic undergirding of assembly body. This plainly evinces the importance of fiscal administration in terms of modern constitutionalism, democracy and public administration. Its centrality as a national issue also could be illustrated historically. The first sort of common law courts in the land of Great Britain after the conquest of Duke William would be a court of exchequer, whose principal responsibility is about drawing the funds of conqueror. It is well known that the war of independence in this land around the late of 18th century had been provoked by the excessive taxation to finance the purse of monarch. The plutocracy argument in explicating the founding of nation and constitutionalism also proves that the limited government is an ideal and the purse of nation should be controlled in terms of constitution and to the interest of the *Bourgeois* class. Given the concept of state or political power in place and operation, we generally are hard to deny the quality of budget and finance as a centerpiece in explaining the many elements and values of government and its service to the citizenry (Mikesell, J. L., 2014).

The Finance & Budget within the Levels of Government

We can infer two important strands based on the above observation. First, the budget, often seen as expenditures and revenues, would be amenable to the normative commandment, notoriously the constitutions of nation and relevant acts to govern the process and appropriation decision. Second, the budgetary plan would show how the governments reincarnate themselves to carry their constitutional and statutory responsibility. The two aspects would be two sides of coins that we can find the restraints of fiscal authority from the norms and regulations while we also recourse the faith or accountability of government in pursuing the prescriptions of constitutional and statutory responsibility. The budgetary plan is determined to show exhaustively their public role and work. Although I mentioned between the presidential and parliamentary system of government in noting the implications of better system on budget, there are other variant in terms of national constitutionalism, namely federal and unitary system of government. In understanding the US fiscal administration, we need to be aware through the levels of government, federal, state and local, and their normative circumstances as bound by the constitution, federal and state laws as well as local regulations (2014). The budget on each level of governments is the kind of creature generated from the mixed influence of laws and public choice. The rule of law ideals provides a basic structure and limitations on the budgetary authority. In the U.S. federal system, constitutional terms define the elemental financial powers and limits under which the levels function. The notable example is Article I, Section 8, which lists fiscally significant powers of federal government. It provides that the federal government shall lay and collect taxes, duties, imposts and excises, pay the debts and provide for the common defense and general welfare and includes a selected of basic functions within the government (2014). Since it is a federal union, we need to note on the fiscal constraints of federal government as specified by Article 1, Section 9. A comparison among levels of government can be made in several perspectives.

First, the expenditures and revenues would be bigger in order through the federal, local and state governments as well as in not significant difference among the first two (around 3,000,000,000/1,256,776,878/16,641,692 at the year of 2008). The sum of two governments roughly equals or comes a little below the expenditures of federal government (Becker-Medina, E., 2013; Chantrill, C., 2014). It implies that the federal and other two governments would generate a similar extent of public good, and the marginal excess of local governments reveals its importance to govern the public lives of local people.

Second, the role and function would come in some extent of same fashion since the federal and state constitutions would often idealize on same spirit and expectations of governments. They are responsible to promote the general welfare of citizens and promote the science and education. Hence, we can find an overlap of items in expenditure and revenues in the kind of categories, i.e., transportation and housing, education, health, natural resources and environment, solid waste, judicial and legal service, social insurance and veteran's service (Becker-Medina, E., 2013; Chantrill, C., 2014).

Third, the role and function could be differentiated in terms of constitutional provisions and limitations which would reflect on the expenditures and revenues. Most notably, the national defense would fall as a unique role exclusively for the federal government. In principle, we need to have a basic comprehension that the federal power is specifically enumerated in the constitution and required to respond only when the federal interests are present. Besides the federal policy area, the eleventh amendment confers all the governmental power with the reserve of state government. Hence, the state government is viewed as inherent in the constitutionalism of US. Nevertheless, many of clauses and provisions in the Constitution actually left an ample leeway for the expansion of federal power in terms of its role and function. The necessary and proper clause is representative and constitutional empowerment on the general welfare would bestow a space of leniency for the

federal intervention. Additionally, the constitution also stipulated a scope of governmental power in express terms that the state government could not exercise in the Article I. Therefore, the state government could not expend to coin or establish a postal service. The correctional facilities would be built and managed by the state government generally as well as police protection, since the police power is exclusively reserved with the state government (Becker-Medina, E., 2013; Chantrill, C. , 2014). The federal government, however, could react to establish a camp for the terrorists and war criminals, such as the Guantanamo bay detention camp, which is constitutionally grounded on the federal interests. FBI would also be seen in that element, a kind of catchall concept, “federal interest” and the government could spend to staff and operate the bureau. The federal expenditure on public education would not be larger since traditionally the public education is viewed as one of state or regional agenda although the department of education is one of federal agency currently.

Fourth, the power of state government has devolved upon the local governments in the US public administration. The implications arise from the concept of democratic rule and importance of grassroots decision making process (Bailey, S.J., 1991; Shah, A.M., 2008). Nonetheless, the system and institution may not be adequate to charge the local government perhaps because the services require a statewide uniformity. Those would be veteran’s service, worker’s compensation and other insurance (Becker-Medina, E., 2013; Chantrill, C., 2014).

Some Thought on the Function of Government

First, the budget and finance of government has long been regarded as one of inherently governmental function, and gradually would evolve from an authoritative paradigm through the civil control or influence in terms of its characteristics. The power of purse is a crucial function of government, which would be inherently governmental and never susceptible of privatization (Afonso, W.B., 2014). The authority would be consulted by the expert advisory group, for example, as we see in the Florida Department of Veteran’s Affairs concerning the emergency management to a man- made and natural disaster. Nevertheless, the budgetary decision and allocation of tax monies are finally approved by the government, especially under the control and supervision of Congress. The role of Congress in this aspect would be grand and very effective, which disburses the total nature of national economic activities. Hence, the budget and finance of government not only affects the public sector, but also private sectors, meaning that the resource allocation itself, especially of the share between the public and private sectors and beyond the quality as a fiscal plan and schedule (i.e., content, structure and amount) of governmental work, will be affected thereby. The civilian group, as enthusiastic with the social justice and wealth distribution or redistribution, gradually increased their voice in monitoring a proper function of government. A maxim that the fiscal element of government is related with the function of government would well be demonstrated by the very engagement of this group, which is to critique or litigate the national budget or public project (2014). Beyond the idealistic proposition between the big and small government, the civic group would contend the specifics and respective terms of national budget in alleging the social injustice and abuse or misappropriation of taxed monies. One other interesting development in this stream is that the new mode of civil action has become popular to forge their cause, such as environmental protection. The case of *Sierra club* and many other environmental or public actions were initiated by the public organization or group of tax payers, which pointed out abusive allocation of resources to deteriorate the quality of pleasant living or violation of equal protection of laws. Generally, the court would not support the action since they are not directly affected by the governmental action or public projects. In other words, the court is resilient to find that their rights or any identifiable

interests, as a matter of standing laws, would be harmed or disparaged. Gradually, however, the tendency is that the court turns to be more affirmative in finding a standing when the plaintiff is the civil group or tax payers. It is paradoxical that the government may need to assign a special budget in meeting these challenges.

Second, the function of government and fiscal administration can be approached in view of generations of human right. In terms of modern and universal frame of human rights, we can identify classes of human right through the generations and new awareness over history. The classic human right can be grouped as the first generation rights, which are concerned of negative liberty from the public intervention. As we know, the human rights are one of ultimate ideals that the government pursues, which allows us a new perception over the fiscal items. A scope of budget, including national defense, police, judicial service, correctional service, tax service and some others, will deal with the classic liberty or first generation of human rights. The second or third generations of human right would be of applied understanding as humanly and has a cause to promote the positive liberty. In this paradigm, the government is responsible to create the social condition under which substantial justice can be achieved and wealth redistribution could be implemented. The group of human rights in this understanding would cover the right to labor, basic public education, decent housing, pleasant environment, health and sanitary condition, minimum standard of living and so. Therefore, the government ought to be active and positive across many public commissions, programs, and projects. In terms of fiscal concern, the scope of expenditures entitled with the social welfare, education, environmental protection, health and others can be viewed to fall within this category.

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On the Ethical Code and Community Value

According to Eskridge R.D. et al, ICMA has an ambit to monitor the ethical standard of local government and to create its excellence by developing and fostering professional local government worldwide (2012). It is interesting that the association operates the Committee on Professional Conduct, which enforces the code of ethics. The ethical issues tend to be delicate and inclusive, which is viewed generally distinguishable from a criminal response. In the purpose of public good, however, it has same trait that to be corrected and sanctioned. Moreover, it can incur same context of violation and same nature of deliberative process in deciding a most suitable public measure against a violation. Often, the ethical issues are approached as soft, and the measure to respond would not be consequential through the retribution. A discretion and frame of final sanction are also not hard unlike the imprisonment or heavy fines, perhaps excepted for the sorts of serious breach of ethics, large sum of profiteering or embezzlement and other criminal nature of ethical misconduct. Nevertheless, it is the kind of convenience when we group them together for national purpose. They are mutually reinforcing the effect of sanction if we consider in combination of criminal and professional or organizational sanction. Both processes are also not separable (i) the investigation may mutually collaborate (ii) the extent of sanction practically be mutually affectionate (iii) both involve a discretion to trigger their respective ideals (e.g. decision of deferral on prosecution or guilty plea in the US case). In this context, it is no surprise that we can find the kind of typology and general standard of ethics to be adopted and implemented within a specific nation. Nationally, the consumers and enterprises are shielded equally in terms of public value and congruence of society. In general thought, both sides comprise the citizenry on which the policy makers idealize to make a cause for public goodness (American Society for Public Administration, 2012). In this understanding, it seems highly implicating that the ICMA spelled out a set of ethical charters in extended scope (Eskridge, R. D., French, P. E., & McThomas, M., 2012). This international initiative can renew a traditional thought in three aspects (i) its extensive or detailed coverage and passion on professionalism similar to the national deals (ii) effective enforcement against a violation and (iii) evinces the importance of local government in terms of foreign investment and international exchange including cultural aspect and tourism.

The KEIB as one Example

The Korean Export and Import Bank is a public organization instituted on the basis of public statute enacted by the national assembly of Korea. Its principal objective is to provide finance for the export and import trade and foreign investment on resources. By doing so, it facilitates the international economic cooperation and growth of national economy. The organization has three stages of public role and function since its inauguration in 1976. The first period of stage had continued through 1990, in which time the national government exerted an industrial policy on heavy and chemical sectors. The second period of stage, beginning from 1981 through 2000, transformed the role of KEIB that the Bank turned to intensify on the finance of international trade. The third stage, thereafter through the present, charted its developed and embedded profile as a financial bank of international trade. In this stage, the statutory capitals amounted to 1.5 billion US dollars and full scale of regulatory change had been completed. The role and function also could be identified in three important areas. First, the Bank shall promote the export trade as an export credit agency. Second, the Bank is responsible to strengthen the economic partnership with the developing countries, which is supported through the economic development and cooperation funds.

Third, the Bank is responsible to create the conditions and circumstances to unify two Koreas by mobilizing and managing the inter-Korean cooperation funds.

An Ethical Violation

An ethical violation involving KEIB has dual strands of culpability in which the organization itself operated its commission in an impartial way (U.S. Office of Government Ethics, 2011). The case arose from the following episode. The KEIB had developed the export factoring item based on the Art. 99 of Foreign Currency Exchange Regulation since Jan., 2005. The item has brought a remarkable success as we see in 2012 (562.0% increase from the past year) and the growth has been steady annually. The program is regarded to make a positive effect to boost the small size businesses, which are unstable to claim their credit dollars generated from the export trade and vulnerable of bank finance from a short of credits and assets. The factoring guarantees from a fear or risk from the collection of contract money, allows an earlier cash receipt from the finance and improvement of financial conditions or disposable funds, as well as reduces the expense or incidental cost for the management of contract claims as a creditor. The original purpose of program was invented to benefit the small businesses, and the need to address their challenges would likely be more demanding given that they generally could not seek the finance from foreign banks and other financial institutions (Rossmann, D., & Shanahan, E. A., 2012). The violations of ethical guideline can be framed in two counts. First, it operated the program massively in the interest of big firms and enterprises. As the program is one of financial product, a most critical test to decide on the purchase of contract credit is about the credibility and public trust of debtors, i.e., generally foreign importers. Therefore, the Bank has to be active to purchase the contract credit of small businesses provided if it finds that the importers are credible and trusted. In spite of the principle, say, faith and impartiality in performing the public duties, the Bank had not been committed as a neutral arbiter of public interest since it prejudicially purchased as large as 1.1031 billion dollars of contract credit accrued between the big enterprises and foreign subsidiaries. The small businesses could not benefit in any one occasion that made a transaction with the same foreign companies. Second, the national statistics of small businesses according to the region shows that the local businesses of small size have been very productive as twice times bigger than those of Seoul city. Their share in proportion accounts for 69.8 %, and the geographical distribution of small businesses itself has been dominated by local regions other than the capital city of South Korea (95.6% in case of businesses that the number of employees ranges between 50 and 300). This obviously leads to the understanding that the Bank needs to strive or in the least diverts its focus of business on the small businesses, especially those of regional locations. Despite this characteristic business environment, the Bank had neglected on due diligence and proper public relations, which failed the chances of finance on the local small businesses (only 21.0% for the total small businesses according to the program statistics).

A Response to the Ethical Violation

The ethical violation was discussed in the annual procedure of National Office of Comptroller General. The Office is one of constitutional branches in Korea and carries its independent duty to audit and supervise for the proper function of national and local governments as well as public organizations (Laureate Education, 2008c). It could advise on the correctional measure as framed due in terms of the normative requirement and standard

business decisions. It also is empowered to exercise a scope of option to protect the public interest and preserve the integrity or professionalism of public office. It occasionally files a criminal complaint to charge the head or principal officers of government and public organizations. While the embezzlement of bonds money trusted by client can fall within the traditional class of ethical violations, the issue raises a difficult area of concern if the head of KEIB needs to be imputed (New York State Office of the Attorney General, 2010). The rule of business decision would be one of commercial law theory, but could be consulted to resolve the current controversy. Most importantly, the public officers need to have a good knowledge of national ideals, such as equal opportunity of law and equity among the stakeholders. In terms of national ethics or American standard of ethical guideline, we may see that the fault of impartiality can be invoked to react with the miscarriage of public duties. The crucial part of government strategy in Korea also underscores the boost of small businesses, but it was dealt on disloyalty and unfaith or lack of awareness. This case has been disposed with a basic level of sanction, say, reprimand and recommendation. Since the influence of NOCG is generally strong, I may suppose that the heads or key officers of KEIB may incur any follow up measure, such as demotion and suspension of office. The backdrop of case could also suggest a possibility of corruption or undue exchange, for example, the kind of impermissible gifts in carrying their public duties. Hence the case may be subject to further progress or investigation as the aftermath continues to be monitored. As it reverts, we can infer several aspects in understanding the contemporary ethical discourse.

Some Insights

First, the ethical standards are commonplace on one hand, but could become complicated provided that the professionalism and capital economy develops and transforms. For example, the business rule can instruct the standard of ethics in public sector. The internal control and criminal sanction can be reshaped to provide for the public expectations and ideals of the governmental accountability, which implies that the ethical standard basically is the expressions of public morale and interest in any specific times and places (U.S. Office of Government Ethics, 2011). The participation of financial decision in public organizations would be one important strand to ensure a constitutional value. They are required to respect the public concept, for example, such as substantial justice or affirmative action, and administer a reflection of stakeholder interests. It is critical that the KEIB failed of this public requirement and desirability. Notwithstanding this violation, it is recommendable that the requirement and desirability concerning the fair and impartial policy making have to be held sincerely.

Second, the international community shows a growing concern and interest on the ethics of governmental and public officers. This development is seen especial and became more important in terms of the liberal trade and fair competition. The local governments turn to become a major actor involving the foreign direct investment and commerce. As the KEIB is a key player to interact with the international trade, its fair terms in administering the public duties are any more desired than other institutions. While the ICMB acts in the interesting area of international ethics, it provides a lesson that the international authority is concerned of fair play and sacred officers devoted to the national and international awareness of ethical requirements. It is a nexus of concern to inculcate the public employees of strategic, but transparent financing since they are working in a civil trusteeship, idealized on the liberal market and fair trade. This point needs to be stressed to prevent a further violation of KEIB.

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IV. The Technology Issue on Budget and Financing

The Public Sectors and Impact of Technology

Once upon a time, one American middle school student, named S. Michandani and aged 14 years old, was cited by news media about his innovation, which eventually can bring a budget cut of 0.136 million dollars over the federal and state governments by simply changing a font. The main idea is that the new font, Garamond as named after the 16th French publisher, will be slimmer than the traditional Times New Roman or others, which, however, allows a low consumption of jet ink with the printing machine of governments. This idea may be said to be easy, but to say so certainly be that stupidity about the egg of Columbus. Now the government and public organizations are critiqued as a bum rap, meaning its inefficiency and unproductivity. One side to contribute to this dishonorable notation is an abusive budget and financial structure or practice, which provokes the kind of agenda, i.e., the cost-effective government. The policy environments on the finance and budget growingly face new challenges involving the development of e-technology and information science. One popular thought to interact with this transformation may be concerned of e-government. The e-government and on-line mode of public relations with the public organizations would create conditions that the actors of public service are any more profoundly impacted than other nature of beings. The consumers have nothing to arouse beyond generally following the mode change of subsistence and consumption behaviors. He or she would perhaps be simple if to purchase a new i-pod getting pomp from his outmoded friends. Besides the on-line related for-profit organization, the sorts of private organization would concern of cost reduction and new ways of productive choice influenced by the new technology (Drucker, 2012). Nevertheless, their concern would not be complicated and could well be narrowed down to their specific field of businesses. For example, they may get easy to purchase new installations, which generally is no hard to identify. As differs from these two main actors, the sorts of goods and services produced by government are delicate and not easy to be defined in any straightforward way, which perhaps arises from their complex nature. In other aspect, it also needs our attention that the role and function of government or public organizations are massively communicative and the public relations are one premier element to view the vitality of those organizations. As we see, we can list four important properties of budget and public finance; (i) political instrumentality, (ii) communication tools (iii) strategic plan (iv) financial chart. In other words, the finance and budget for public sectors would possess an important quality as the communication tools and strategic plan, which differs from those of for-profit organizations. A sharing only could be possible on third, say, financial chart, between the two types of organizations. It is one of political instrumentality, which draws upon a popular support and endorsement of majority will. Hence, the relationship could hardly be measured in any numerical way unlike private organizations and sophisticated with a variety of public values and virtue (2012; American Society for Public Administration, 2012). In some cases, a costly wage of wars may be hailed and attain a large popular support as cited of just action. Meanwhile, some critique may take a math which may leave an enormous debt for the succeeding power. This subtlety and distinct quality as an organization of public nature tend to necessitate a distinct and full scale impact from the new e-technology and information science. The exposure of government, process of action, and public relations, and even a culmination of political switch all through the concerns seem to be affected by the new environment. In general assessment, the finance and budget of government seem less related with the new transformation involving technology, but still can be impacted in areas of interest. I may posit two phases of impact which matters with the substance of public

finance and budget and with their functional aspect. In the first relation, the difference lies that the government and public organization would not pursue an income or profit generation at its ultimatum. Therefore, we can surmise that only cost reduction can be triggered. Then, the two would be (i) cost reduction in contribution to the economical government or public organization (ii) use of new technology to build up the competence and efficacy of financial and budgetary function (Mikesell, 2014). As above introduced, the case of cost reduction would be abundant which also can be same with the private organizations.

Local Governments in Korea

We now turn to see the second aspect of impact, which is major to address this assignment. The public organization under discussion is the local governments of Korea, which arouse a public attention on their poor grade of finance and budget. The Korean constitution embodied a unitary system of government which differs from the federal system in the US. The constitutional reform in 1987, which is last in history, had grounded the local autonomy and freedom of government across the election, principles, and basic functions and relationships with the central government. Accordingly, the Act of Local Government was enacted to prescribe details of constitutional prescription shortly afterwards, and the last version of 2014 over several revisions entered into force with 10 chapters, 162 articles and appendices (Lee, 2013). The Act provides the sorts of local government, organizing details, function and responsibilities, and relationships with the central government. In the context, the local administration can be ruled within the democratic principle and based on the concept of efficacy. The Act also promotes the equal opportunity of locales and national covenant of democratic rule. The legal status of local government is granted as one type of government, which should not be treated as mere of economic organization. Therefore, they are constitutionally empowered to create the rules and implement public policies, which are autonomous over the types of regulations, local taxation, and local fiscal administration. The sorts of local government will be classed in two major jurisdictions. One is the common local government (CLG) and the other is the special local government (SLG). CLG would be viewed in dual types, higher CLG, i.e., special cities, large cities and local province and lower CLG, i.e., cities, counties and autonomous district. SLG includes local public cooperatives. The organs of local government would include a legislative and executive branch, i.e., the head of governments, deputies and ranks of public office. The local governments shall (i) increase the general welfare of local citizens and administrative convenience, (ii) have to strive for effective and efficient function or public service, (iii) maintain a moderate size on rationale and cause, and (iv) respect the higher laws of Korea (2013).

The Challenges and Current Status

The local governments have long been a culprit to increase the national debt. A financial dependence on the central government is rated as worse than most of local governments subsidized their budget from the central support. In contrary, the voice of political circle has been adverse to avert this depraving nature of local finance and budget and to intensify the local autonomy or support system. In recent years, the National Association of Heads of Local Governments (NAHLG) raised their suggestion to stress the attention of central government on the local financial affairs. On Oct. 18, 2013, NAHLG led by P.G., Song made a public announcement that the central government is responsible to rationalize the fiscal system in favor of local governments (2013). It was to react with the proclamation

of central government announced a month earlier, which dealt with the support and indemnification plan. The Association pointed out that the Plan would disrupt the sound system of local governments and urged on a revised plan. In announcement, the Association stated that the local fiscal administration plays a vital role to provide the public service directly for the local constituents. It should be the point of distinction deserving a different treatment from the role of national budget, whose primary focus is with the national macro-economy. It also specified (i) that an expansion of social welfare program generally shifts the structure of partnership to the context of “principal and subject” between two units (ii) the local tax rate should increase from 11 % to 16 %. (iii) subsidies for early childhood education should increase from 50% to 70 % (iv) prior consultation should always be available for the central measure affecting the local fiscal condition (2013).

A virtue of participation and informative society perhaps would define a contemporary frame of democratic government, and the digital age necessitates the wide public disclosure of governmental information (Yoo, 2001). In order to stress this aspect, it is needless to illustrate the requirements of FOIA in the US. This transformation also could apply to the local governments. It also requires the government as open and transparent, which is predicated on the full scale disclosure of budgetary process on revenues, expenditures, and related information. The three concepts, including the G to G, G to B. and G to C as introduced below, through the information sharing of three main actors, have a merit to prevent the misappropriation and monopoly of public information, possibly leading to the abuse or corruption of public offices. An exclusion and discrimination on the public information will bring an undesirable consequence on waste of resources and inefficiency of public service. The current status of electronic budget system in the local governments would be lower levels to collect information and to compute a budget or accounting on the numerical information. In order of any meanings and policy effect, the whole process from the budget planning and allocation of funds through the implementation and accounting should turn computerized. This facet would still not be realized in any perfection when we see the practice of local governments in Korea (2001). For example, the local governments would conduct a quality of tax administration in case that they could compute the local tax revenue varying with the changing condition of local economy. Only Gwang-myeong and other limited number of cities in Korea now manage the system to leverage with the varying economic current of localities for any taxation purpose. One other problem lies in a possible corruption of finance and budget officers in the local government because the public record would not be extant upon the lapse of two or three years since they generally lack a use of electronic system. The uniform system of local governments in budget and financing also can be abridged since the practices and standards could not be congruent.

The Application of New Technology

In response with the current fiscal failure, especially involving the local governments, the central government established a three year advancement program of national accounting in the aims to embed the accrual basis accounting system. It requires a new technology and digital basis of accounting infrastructure, which borrows the idea and interacts with the growing share of electronic trade (Laureate Education, 2008e). South Korea enacted the Act of Electronic Trade July 1st, 1999. The paradigm of electronic trade is “business to business” deals where the project and product development could be made efficient or productive from the information sharing and horizontal cooperation. This idea can be applied to the public sector and in the form of G to G (Government to Government), G to B (Government to Business) and G to C (Government to Consumer) (Kavanagh et al., 2006). Among others, G

to G allows the electronic exchange of public data and information between the governments and concerned departments or bureaus. This can increase a productivity and quality of public service which recycles by sharing the information and data that respective units and branches store. The intranet project now pursued by the government can be understood in this concept and the file transfer protocol (FPT) or e-mail system would be seen same in idea. The G to B pertains to an invoice project involving the large purchase of arms and defense system or construction project as well as small scale purchase of goods and service. The G to C could provide a convenience and efficacy, in which the administrative services, such as the issuance of public record, civil complaint and suggestion, public notice of information or activities, and the pension service, could be settled in cyber space.

The government also plans on the ERP (Enterprise Resources Planning) which is one of most updated management system used by the private sectors. ERP system could enable the whole process of budget and financing to be automated in one computer solution, i.e., launch of order, purchase, production, sales, distribution and thorough the stages of planning, implementation and evaluation or feedback (2001). This system could apply to the full-scale of public or business administration, i.e., budget and finance, funds and assets, unit cost, storage, production, resources, salaries and compensation, accounting, personnel management, regulations, electronic documents, and electronic signing, which account for 85 % of total works. It brings a positive effect to facilitate the work process and increase a dramatic rate of work efficiency, which could effect on the 30 % expenditure reduction. The table below shows what the ERP system would be composed of (Table 1).

Table 1
Major Components of ERP System

Components	Details
Accounting System	Business Sheet/Business Books and Record/Accounting/Financial Statement/Report Generation
Budget System	Budget Proposal/Referral/Approval/Budget Statistics
Funds System	Income & Expenditure/Pending/Accounting/Operational Plan
Assets System	Assets Plan/Purchase Plan/Transition Management/Book Management
Salary System	Salary & Bonus/Annual & Retirement Clearance/Personnel Management
Groupware	E-Document/E-Payment/E-Mail/E-Board/Fax Service
Purchase System	Order Processing/Purchase/Payment/Debt Management/Purchase Accounting/Performance Evaluation
Sales System	Order Processing/Sales Book/Operation Accounting/Collection Management/Performance Evaluation
Storage Management	Business Sheet/Schedule Management/Storage Fact/Storage Accounting

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V. Fiscal Affairs, Types of Government and Mandate

A General Thought

In view of a mandate and fiscal administration, the thoughts entail the need of deliberation on the complex philosophies and constitutional structure of nations. The clear-cut, through the various fiscal or economic virtues, would hardly be proposed because there generally is no omniscient automaton to base our concerns and policy or system exploration. For example, a population or elements of tax base, such as property or assets, would not be homogeneous although the policy makers had idealized on development of any intergovernmental fiscal scheme. While the fiscal issue stands on somewhat different footing from the general focus of economic science, they share in the vast of internal mindedness which mutually intercourse for any better understanding or verification. They inculcate each other and, in the least, affect among another. For example, the efficient administration of finance and budgeting are an idea perhaps learnt from the rule of least cost. The cost and benefit approach also is underlying principle to guide the fiscal planners. The inverse would be found that the determination or resolution of Congress would importantly affect the allocation of national resources. It also is no surprise that the 1999 No Funded Mandate Act has included the one that targeted the private sector, “[The Act defines] mandates to be any provision in legislation, statute, or regulations that would impose an enforceable duty on state, local, or tribal governments or the private sector.....(p. 229, Mikesell, 2014).” Hence, in reality, the eminent dichotomy between the public and private sectors merely can be viewed the kind of omniscient automatons even if we imagine a purist conservative justice beyond the congressional intervention. Beyond this economic frame or ideals to interplay with the fiscal issue, a mandate will bring a complicated impact on the fiscal administrators, which requires a sophisticated deliberation from the philosophies and structure of government. That is principally because the government is neutral, although strategic in senses and reality, as well as public to be sublimated with absolute sovereignty. They generate a public good, not to pursue any private gains or interests. That generally tends to relegate the thoughts of fiscal administration to many of gorgeous elements ascertained and shared philosophically and the kind of political determination as represented in the supreme law of lands (Gillette, 2012; Sorens, 2011).

Then we may avert overgrazing on the dichotomy and be required to evaluate the areas of public policy in terms of fiscal virtues, such as fiscal sustainability, reduction of fiscal disparity, increase of fiscal autonomy, clarity of fiscal authority and eventually best performance of public service for the respective constituents. Generally, the local and most close unit would be considered a best alternative in provision of public service. The large scale of governments would be worse than their counterparts in terms of provision of service. The rosy idea on federalism in the United States has long been conceived of most effective structure to deliver the public service than the centralized government since it serves both aspects of virtue, i.e, preservation and promotion of local preferences as well as the hierarchical and common system on its basics (Gillette, 2012). On the other, it is also true that the federal system can imposes relatively more a difficult matrix and factors in finding a best solution of fiscal challenges. The fiscal federalism also raises a concern of ambiguities and twilight zone of interaction, which responds with the fiscal crisis of states in recent period of time. Foundationally, any stronger proposition of federalism may be found in the idea of Hamilton, who urged the essential need of one national bank. A modest and square of moderation perhaps would be from Madison, who separates the role of levels of government

with the words of distinction, i.e., “great and aggregate v. local and particular” (2012). Given the second thought into our national constitution, we are compelled to exercise some of comparative understanding with other national system. That is especially helpful to identify an intrinsic of mandate and its relationships of fiscal administration. For example, it is one indicator to distinguish from the centralized governments whether the intergovernmental tax transfer is constitutionally permissible beyond the tax reduction or block grants. An intergovernmental play concerned of fiscal issue and constitutional arrangements could come in difference among the types of national system. The federal system is same with the centralized government in terms of the constitutional power to print the currency. It monopolizes the power. The state government has the power to borrow and spend without limitations theoretically, which is same with the federal one. Practically, however, most of state governments would set forth the limitations of debt, which perhaps is related with the recent bankruptcy of state. While the credit market has continued to threaten lowering the rate of credibility on the federal government, it is hardly imaginable that that the federal government would stipulate a limitation of debt. It is perhaps disappointing, however, that the national government once has been conjured as worse debt country by Putin. In this exchange, we can once again cross a private imperative over the public goodness that the kind of concept, “credit market,” could provide an idealistic criterion for the fiscal administrators. That is the inverse of concept, “*E’tat raison*,” on which the national governments have a cause to stand (2012). The two frames, which could be heretical in a sense but inseparable from the reality, would lead us to form a basic between the mandate and its impact on the fiscal administration.

Some Insights

Let me first bring a general consideration.

First, the federalism generally allows the local preferences and individual choices, but the intergovernmental spillovers and fiscal imbalance would require a coordination of service delivery through a mandate, which perhaps pertains to the constitutional provisions and command. According to Mikesell, spillovers involve a positive or negative external effect, which can be induced by the intergovernmental interventions (2014). He also stated on imbalance, “Imbalance emerges because fiscal capacity is unevenly distributed across the nation and within the states.” Hence, a mandate to fund the preventive system of nuclear power plant and to reduce possible harms to the neighboring state could be feasible and implemented. The due process of laws requires an equal opportunity to public education, which necessitates a mandate to provide a block grant. The provision of free judicial service for the indigents could be mandated from the constitutional requirement and from the court rulings.

Second, the mandate would be related with the hierarchy of levels of government that it generally comes from the equal or higher level governments (Laureate Education, 2008d). For example, the federal laws would include a mandate to be addressed by the finance and budgeting and involving the state or local governments. The state government may be mandated by their state constitution or statutes to launch a project and provides a financial assistance to the cities or counties.

Third, the mandate could be framed with different tools in terms of financial consequence, which are three in types, i.e., categorical grants, block grant, and revenue sharing. Block grants are usually distributed to general purpose governments, the mandates of which are related with the scope of general welfare and basic function of government, such as

public health, crime control, or community development. The Omnibus Reconciliation Act of 1981 was enacted to convert the fifty seven categorical grants to the nine block ones. Categorical grants would entail a specific requirement and condition, which are distributed on three major methods, i.e., formula, project and mixed. In this case, the project funding would be allocated on a competitive basis. For example, the research project could be funded by the federal government, the mandate of which would be grounded on the promotion of general welfare and science as constitutionally stipulated. A writing of project or grant proposal requires specific skills and knowledge to be successful.

KLG, Mandate, and Its Impact on the Fiscal Administration

A mandate for the discussion purpose has been provided by the chapter of Korean constitution, and the Act on the Local Autonomy, which prescribes an independent election, fiscal autonomy or independence as well as extent of freedom in terms of public administration. As once described, the local freedom of governments had been a Korean dream for the enhancement of national democracy and diversity of choices or efficient delivery of public service. Although Korea manages a unitary system of government, the kind of advantages, such as local preferences and diversity as supposed of fiscal federalism, could be envisaged within the mind of national forks. In 1991, the local assembly inaugurated through a local election thirty years after it was abolished in 1961 (Chun, 2006). The heads of provincial and local government began to be chosen by public election that became no longer to be based on the appointment of central government. This would lead to the increased extent of local freedom, meaning more than autonomy, authority and independence of fiscal administration. In 2005, the tax revenue between the central and local governments also shifted the past bimodal distribution of disparity to the higher share of local governments, i.e., a numerical proportion of 43.7 to 56.3 (2006). This transformation resulted in the enormous amount of finance and budgeting size of local governments, say, 10 billion US dollars in 2006. The political clout in Korea had been dominated by the social nationalism over the ten years from 1997 through 2006, meaning that the local system is felicitous with the ethos of citizenry and could substantiate. A decentralized government and emphasis on the more local autonomy were pursued from the combined influence of laws and political preferences. It had been the most foundational mandate that should be explored, i.e., whether it incurred a positive or negative impact on the fiscal and budgetary operation of local governments.

As the national power evolves upon a decentralized form of rule, it is seen that the local autonomy and concept of grassroots democracy will be served (Urban Institute, 2010). On the other hand, the chances would grow that the local government would operate with an opportunistic behavior, which could harm the nation at overall aspect of consideration. In this case, one theory, what we call a “soft budget constraint,” could cast some insight to reduce the problems arising from the local fiscal failure (2006). The concept, as coined by Konrai, is noted as a continued support for the fiscally disinterested businesses (1979). It was employed to give an account of socialist countries in which the incentive problem, often illustrated as a fundamental weakness concerning the economy of central control, would be addressed. To see, the state operating business organizations, bound by soft budget constraint, are inclined to play with the opportunistic behavior once they notice that the central government could not avert other budget option but to continue providing a financial support. This operational pattern could also be charted in the transition economies in which the hopeless big enterprises or banks nevertheless could be continued of subsidies and financial support by the government. While the federalism would not cast a stretched intervention on the state budget, arguably a fiscal federalism as inverse though, the unitary government, as in Korea, could

have more extent of leniency in constraining the local finance and budget. The patriarchal engagement of central government could be negotiated and systemized in the unitary government, especially in the area of finance and budgeting, unless it does not directly contravene the express provision of constitution and statute, the kind of normative mandate. In the reality of recent years, the fiscal independence was rated so poorly that some local governments even could not meet the expenditures of overhead cost. The general perception of local governments also presupposes an unlimited support from the central government in terms of local budgeting. This means that the vertical fiscal disparity has been embedded as problematic since the local tax base or other resources actually are limited (Chun, 2006).

One other mandate is the rule of law principle on local taxation. The Korean constitution imposed the principle in Article 59 that the sorts of tax and tax rate should be expressly stipulated in the congressional act. Correspondingly, the Act of Local Tax was enacted by the national assembly, which provides the details on the sorts and rate of local tax in terms of definition and includes the necessary prescriptions on system and procedure. This resulted that the local governments could not exercise discretion on the imposition of local tax. Some meager exceptions may allow a determination of tax price and flexible tax rate, which, however, would never be activated by the local politicians in purpose of reelection probability. They generally disfavor an option of tax increase, and the principle could be a fine excuse for their personal advantage.

The third mandate is of soft nature involving a professional awareness and practice systemized into the local fiscal administration. Often the western developed countries would count on the provision of service at the first priority, which, in turn, gives a basis to command the extent of finance or taxation and imposition of fees. In this practice and mandate, the public perception shares recognition that the public service is the kind of cost borne by local constituents and that facilitates the adjustment of local taxation or imposition of fees (2006). The order of consideration would come inversed in Korea that the fiscal administrators firstly show an interest in the funds or subsidies of central government and local tax revenues. In the next phase, they plan on the scope and amount of public service. The negative impact of this mandate is obvious that the fiscal independence of local government would hardly be achievable.

The third mandate concerns of tax laws and practice, in which the proportion of property tax would be a principal source of local revenue like the western countries, but that of sales or transaction tax also is considerably important as a tax base unlike them. This means that the current share needs to be reformed by increasing the property tax. The mandate shall diminish the local tax revenue and could prejudice the poor class in need of local service while the property holders could benefit from a favorable tax mandate based on law. M. H. Noh, the past president in reign from 2003 through 2008, has improved on this injustice and fiscal flaws by merging two separate property taxes and reforming the tax pricing method (2006). The new tax pricing method mandated a rationalization between the government-assessed rate and market price, which reduced a gap between two prices. The consequence is that the tax revenue from the property holders would increase. It is still contentious, however, that the sorts of local tax were designed in 16 various names, but that they were not created on the principle of "utility and sacrifice." The revenue-first perception, primarily the kind of practice affected from the mandate on the rule of law principle involving tax administration, would not implant such concept and sharing in awareness that they need to sacrifice in return of local public service. If the mechanism of signaling to awaken the conception of local citizens would not properly operate, the communication and sharing would fail decreasing the quality of public service and constant fiscal crisis, perhaps less attended nor feared than the federal union.

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VI. Local Governments in Korea

Overview

The public organization under discussion is the local governments of Korea, which arouse a public attention on their poor grade of finance and budget. The Korean constitution embodied a unitary system of government which differs from the federal system in the US. The constitutional reform in 1987, which is last in history, had grounded the local autonomy and freedom of government across the election, principles, and basic functions and relationships with the central government. Accordingly, the Act of Local Government was enacted to prescribe details of constitutional prescription shortly afterwards, and the last version of 2014 over several revisions entered into force with 10 chapters, 162 articles and appendices. The Act provides the sorts of local government, organizing details, function and responsibilities, and relationships with the central government. In the context, the local administration can be ruled within the democratic principle and based on the concept of efficacy.

An Expansion of Social Welfare Program

The local government in Korea is principally responsible to manage the social welfare, which imposes a heavy challenge as a matter of finance and budgeting. It is irony that the community house for the aged people (CHAP) could not be repaired because the expenditure is not feasible into the annual budget from any worse financial condition. According to the Pusan Daily, “40 old men had a free lunch plate sitting at the floor in the Namsan Community House, who were seen cold and couched with a heavy coat and globes. While the boiler pipe had exploded in the winter last year, no repair work could be done because of lacking in the allocation of budgetary funds. Volunteer service workers had suffered from such bad condition, who warmed their hands on the stove. One of local officer in charge had commented that the fiscal pressure from the enormous provision of social service had frustrated such normal expense in the budgeting process (Hojin, 2014).” The kind of people would certainly be a target group that the social welfare should address. It was contradicted in terms of policy goals or strategic planning of local government. The local government is now statutorily a chief administrator of five major social welfare programs in the nation. The Child Affords Program mandates that the local government would provide the monthly subsidies between 220 and 394 US dollars (2014). The amount differs depending on the age of children, and the age limit is five. As differs from CAP, the household should be afforded with 100-2,00 monthly, whose children would not attend the kindergarten or fostering facilities. The third program is the Pension of Aged People (PAP) which provides a monthly alimony of 200 US dollars to the aged people over 65 and under the 30 % lowest income level. The fourth program benefits the disabled in age range between 19 and 65, who will receive 200 US dollars monthly. The last program is of general nature and need-based on the criterion of household income, which is lowest in income scale and below the minimum living cost standard. In this program, the local government is mandated to provide seven types of subsidies including a living cost and housing, medicare, education, birth and funeral expenses (2014).

The Internal and External Factors as a Challenge

As a financial officer of local government, it is strategically most demanding to

manage a balance of budget in terms of revenue and expenditures. Generally, the local government has been proud of new decentralized theme of national government spiked by the 1987 constitution. Nevertheless, the financial conditions of local government had been gloomy, meaning that it could not maintain without a grant or debt from the central government. This is one of structural weaknesses chronicled over decades, which must be illustrated as one of internal factors foundationally embedded with the current dilemma. Given the strategic planning is to save the spirit and mandate of social welfare legislation and simultaneously maintain the fiscal balance, three other factors would be (i) recent expansion of social expenditure in terms of national mandate (ii) unequal tax or revenue base from the income level of local governments (iii) disloyalty and dissonance of public employees. The first and third factors might be termed as internal and the second factor would be external in terms of strategic planning process.

According to the Association of Local Heads in Korean Government (ALHKG), the national statute and local ordinances impose an expansion of free public education to cover the 0-5 age range, and the PAP turns to be mandated to implement in 2013. These mandates would require a budget increase at the amount of 14 billion US dollars, which should be earmarked in 2015 (Hojin, 2014). The financial burden would impact much more on the small local government of major cities because they are highly populated and the eligible group is larger (Brittain, L., 2006). This results that the small governments became abundant in number, which have to manage a gross disparity of budget with a half total from the social expenditure. Within four major cities, 67 small governments could be captured in that condition, which accounts for 60 percents at total (2014). This could be one of contagion effect vastly suffered from the recent arrangement. A most disparate local government is the North District in Pusan, whose budget was drafted of 67 percents of total as earmarked for the social welfare program. This internal factor affects seriously the basic function of local government, which requires a budget cut that must be allocated for other important maintenance and repair purpose as well as other sister welfare programs. Dong-gu government in Gwang-ju city would spend less in the section of birth rate promotion, which attempted to countervail such increased expenditure of new PAP. This practice and pattern of budget would be same across many other local governments. In other cases, the installation of street CCTV for the purpose of local policing had been dropped from the budgetary constraints (2014). The Bupyung-gu in Incheon city had diminished the aged people programs, such as the Old Man College and Free Meal while some serious districts even suffer from the personnel management expense. The second factor to impede a strategic planning of local governments would be uneven distribution of wealth and income among the local governments. Nowon-gu in Seoul city has to spend 647 million US dollars for the PAP this year while Kangnam-gu is less than thirds of it. This disparity comes from more than populace of aged people in Nowon, who are over 65 in age and within the range of 30 percents lowest income. Nowon is notorious for its large scale of welfare budget that a portion of lower income residents are relatively gross among the same level of governments in Seoul city. This disparity is not negligible, but to be fairly explaining the unequal status of local governments, at least in terms of finance and budgeting practice. To say, Nowon could not envisage any new project and expansion of social welfare. In contrast, Kangnam instantly planned to build a new community house for the aged people (CHAP) after one civilian complaint was filed, "I have to cross one street to use CHAP (2014)." It also operates the Old Men Employment Project subsidized from its own budget, in which old man and woman can work as a sub-chef to distribute the free meal in the elementary school and CHAPs. The local government with less-well-to-do class would suffer from fiscal strains while their rich

counterparts would invest more in public safety and pleasant environment. This seems to be patterned that can well be labeled, “The rich become richer and the poor become poorer.” The second internal factor to impede a strategic budgeting involves the discontent and resilience of local public employees and between the central and local governments. The local officers would have grievances of budget cut on the personnel management. The special rate of extra work compensation had to be rescheduled from 35 to 17 hours, meaning that most employees will have less than share who have to work extra hours if under the normal working condition. This results in a diminution of income, 2,000 to 3,000 US dollars annually. Now that the system differs across the local governments, the public employees would spend their work hours to prepare for the placement exam that could enable to transfer to any more profitable office of other governments. The expansion of social welfare program, especially involving PAP this year, would bring a fiasco of local fiscal administration. This extraneous nature of imposition of mandate would fuel the rise of ALHNG, which confronted with the policy posture of central government. The local heads in the hotel conference had pronounced “An irresponsible transfer of welfare burden to the local governments had spurred the aggravation of fiscal crisis to eventually go bankrupt (2014).” They also claimed that the revenue must entirely be drawn upon the national resources in meeting a necessary budget concluded without any prior assent of local governments.” The central government countered, “Because of the arrangement, it has allowed an increase of local consumption tax from 5 % to 11 % in recent years (2014).” This worse development within the public sector and among its employees could influence a sound financial decision and impede a strategic budgeting process.

The Obstacles and Suggestion

The obstacles obviously would be hard to overcome, but the competent fiscal planners could provide any feasible alternative to ameliorate the harsh nature of challenges.

First, the focus of commission and strategic pathways in reflection of local conditions should be clearly defined by translating and envisioning into the mind of local officers. A strategic consultation as well as the regular meetings of local heads and key finance officers would be most desired. It is strategically essential in the fiscally stressful environment that can focus the entire government on what is important to the community and allows department effectively collaborate and share information and resource (Casey & Seay, 2010; Moynihan, 2012). The role of financial officer is especially important who have a skills and attributes to carry their unique position to finance and budget. The financial stewardship and strategic planning could be facilitated by exploiting several advantages uniquely ingrained in this type of professionals; (i) their knowledge of entity’s operations, resources, and systems (ii) their technical skills needed to develop and monitor a compliance-based framework (iii) their wider working relationships with senior leaders and departmental key officers (iv) their ability to comprehend the nature of challenge and usual case of senior leadership role in the strategic planning process (2010).

Second, the “new public management” and “doctrine of managing for results” (MFR) could be thought as a new option in operating the social welfare program. The MFR has two major elements, which promised to shift the traditional public management system; (i) focus on results (ii) managerial flexibility (Moynihan, 2006). This could lead to more professional and publicly accountable management. The sorts of program should be determined on the basis of preliminary examination. For example, the Child Fostering Program and Old Man Education could suit the MFR concepts of public management. As the empirical studies suggest, the caution should be considered that a less authority or flexibility in management

and intensive focus on results could make its effect ambiguous or more inefficient (2006).

Third, new understanding of welfare administration is desired that inculcates the division of responsibility. The kind of grand-scale social welfare, such as PAP and unemployment pension, should be planned and implemented by the central government. On the other, the skin-ship welfare, such as care of old men and disabled, could be afforded within the responsibility of local government. This can foundationally eliminate a chronic disgruntlement of local governments which have continued to mourn of their fiscal dilemma. The key fiscal officers often are high in ranks and files of organization, who would be responsible to conduct the public relations. They could change the mind of local politicians and key policy makers, who also could influence a social understanding and public opinion. They could be the kind of legal reformer at least in terms of fiscal administration. This kind of efforts needs to be minded by the fiscal planner and could be implanted in the society at large.

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VII. The Role of Nation and Fiscal Issue

On the Quality of Fiscal Issue

Is the fiscal balance a mere shibboleth? It is most likely that the financial staffs of public organization would take a fiscal sustainability as some ultimate value that perhaps instills as the principle and paradigm of fiscal administration. Of course, the two terms are not an exact synonym although they could pair to any idealistic construct. Given that the fiscal balance is thick of flow concept and within some definition of fiscal period, as often termed on the annual basis, the fiscal sustainability would arise in consideration of overall coverage involving a financial decision making of organization (Kraemer, M. et al, 2012). Hence, a debt of organization, for example, would take a phase when we discuss the financial sustainability. For example, the policy of bank or credit institution may change to give their regard to sterner criterion on debt level in lending the management expense depending on the type of organizations. Even in case that one organization in that type category maintains a fiscal balance, it would eventually fail to continue on pivotal borrowing for the management expense. The fiscal balance would become a purposeless or useless slogan that could not cure a fear of vanishing, hence less strategic. Nevertheless, the fiscal balance would be admired not only in impression or public relations, but also in terms of multifaceted evaluation to diagnose the public organizations. It is a beginning strand to manage the fiscal issues of organization, and also provides a good indication of understanding the current of public organizations. As a matter of reality, the fiscal aspect could decisively explain the history, current and prospect of institution (2012). In rhetoric, some economist could utter a dose in the wake of 2000 IMF financial crisis that Korea was continuing on good condition if taken account of real sector. The comment was funny and encouraging, but extreme and realistically of no help given the fatal interdependence of international economy. We could hardly imagine if any nation could pronounce an economic solitude. While the honorable solitude, as in the case of Monroe doctrine, may be politicized as a matter of diplomacy and international relations, it is hardy imaginable to topple the economic head of nation in spite of any competing indispensables, such as sovereignty or esteem of nation. This is illustrated in a chronic dilemma involving North Korean issues, which we often practice a sanction to cure their evils against the Republican value. A general sense guides that the socialist economies would not be friendly or less compatible with the financial or credit market embedded in the global structure. That is still a kind of residue influenced from the ideological split although the current IMF head could be shed some of moderator given her background of French origin. Such late admission to WTO, as of China and Russia, obviously two major socialist leading countries, could partly corroborate with our sense while it is dubious to me if the exact nature of process is submission or incorporation. Given the priority of economy as commented, any petition or acceptance would perhaps happen around the late ten years. Without the concept or mindedness of financial or fiscal intelligence, we may come desperate over the world map as void of any vitals or substances, perhaps the kind of vagabond illusive of a wilderness of deep forest in Russia, Tundra or may only but to be allegedly conscious men in spirit of working comradeship (2012). Or we may be a barbarian that must be relocated to the movie scene of farthest time, who ranges the mountain for his hunting game. Or we may seek some comfort from the working indication of real sector economy while the nation suffered from a crisis of foreign currency. While the Bretton Woods Conference laid a foundation of international economy in 1946, the finance capitalism is generally considered institutionalized and came to order by engaging the nations into the covenants. The institutions created from the Conference now manage the system of foreign currency and

exchange rate as well as loans of developmental funds. As a fiscal administrator, this structure would be given, meaning that it generally could not be reformed nor manipulated. That is also one point of thinking that the two close but different terms, “financial and fiscal” would come departed (2012). We may say “public finance” of IMF on behalf of it, perhaps contributions of member states, but would not say “fiscal” for the IMF organization. And we are seldom to say “financial balance,” some other than “fiscal balance,” which perhaps would be received a kind of portfolio in personal investment or some rough synonym with fiscal balance. It is interesting that the balanced national budget, interchangeably fiscal balance, could be seen desired or idealistic, but not absolutely. One reason might be the characteristic of budget as a strategic tool, but more importantly, related with the nature of state often not drained from mere of fiscal or even financial deficit, but relentless continuance from its ultimatum. We may be more proper in this sense, if to be inculcated from the “political economy” than “econo-politics” in terms of our general use of words. We once shared D’état raison or unique power to print currency by the state. We also may be unnecessary to illustrate the Wikipedia page showing that Putin’s party idealized on staticism, which differs from socialism or communism, and that the party politics of Russia had ameliorated practicing free election and party competition. While the cinema, “Interview” now entertains a cue of spectators, we may enchant an interesting title shift of latest Jong-Il Kim in early 1990’s, i.e., the chairperson of National Defense Commission (Park, 2014). In the practice of socialist countries, the rank of communist party and official title of leaders are not merely a nomenclature, but indicates a focus of nation. So the fiscal issue traditionally is a satire as power of purse or some gauge on the soundness of feudal monarchy, which, in some sense, supersedes the creation of communist ideology around 17th century and its political reality in early of 20th centuries. They are based on the concept of state and not of working comradeship, and many companions to pair with their direction, for instance, state norms or state power, not the thought avenue of ideology. This implies that the recent shift of socialist countries could share fiscal ideas to boost their economy and public service, which, however, would be regrettable of the participatory budget of liberalist countries (Rossmann & Shanahan, 2012). In view of North Korea, two signs could be received that one junior student, named Han-sol Kim, a posterity of early Northern leader, now studies in the Institute de politiques, a prestigious French school, to learn the management of state and international relations. It is positive that the French education is famous for the studies of state or staticism. It is disappointing, however, to hear from the Korean news that he is under duress from any possible plot of assassination by his cousin, a current head of North, Jung-eun Kim. In negative, the Northern leaders generally have continued to deprave their fiscal management for subsidizing the luxuries, worse if foreign things. I am not sure if a mocking of his assassination in the movie may hit our sense of justice since he is corrupt with expensive foreign wines or construction of palace. However, it is historically probable that an abusive monarch or kingdom of fiscal failure could eventually collapse. A recent Chinese combat of anti-corruption could be shed partly in light of sound fiscal operation of nation although major focus would be wider from political pundits. We may have a summary or insight from the above strolls.

First, the fiscal balance is desired, but not a panacea which should be assessed squarely from various elements of perspective. According to Mikesell, it is desired since (i) federal deficits threaten long-term economic growth in the nation (ii) government borrowing or tax increases can lead to the rise of interest rates (iii) debt will cause reduced domestic standards of living when debt is serviced, especially worse if the debt is in foreign hands (iv) political pressure of deficit could force to neglect on the legitimate national concerns (v)

deficits could increase the rate of inflation (vi) continuing deficits bring higher future interest obligation (2014). Consider the picture how the public debt would burden us and our posterity and if the larger budget, perhaps involving a fiscal deficit or debt, would lay a basis of progress as well as bring an affluence and social justice of nation. This inquiry would be most foundational to address the issue of fiscal balance

Second, the fiscal issue is not merely a matter of purchasing power or tender to claim a labor, but intrinsically intertwined with the concept of public service or goodness, to say, the basis of modern democracy. Then the case of North Korea and feudal monarch would generally unfit with the modern understanding of fiscal administration.

Third, the fiscal issue or national budget could be linked with two momentum of history, an advent of monetary economy and post-world war foundation of world economy although the barter system or feudal treasure could explain some as contingencies. We could entertain a numerical nature of disclosure from the government and public organization.

Fourth, the international condition or arrangement, such as foreign exchange rate, could affect fiscal policy or national economies requiring that the administrators should become exposed to the status, adequate response, and consequence of their fiscal policy.

Fifth, the budget and finance of nation might be confidential according to the state policy which should not publicly be disclosed. Given that most nations would not be so, national budget would be a face of nation in some aspect, which also would be a factor, not definite though, to maintain the integrity and decency of nation.

On the Fiscal Balance

I may state that the fiscal balance would be desired, but not necessarily so in some reflections.

First, the crisis of national economy, as in the case of Great Depression, the government may raise a big public project to boost the demand side of national economy. The kind of contingencies could arise in case of the warfare of nation, in which the emergencies would prevail any normal response or professional terms of fiscal administration. The substantial likelihood is that most nations would provide an extra account to meet the expense of general contingencies. This case should be considered normal, and still comes to be settled within the regular terms of accounting unlike greater fiscal emergencies. Nevertheless, extreme scope of public damage from *Tsunami* or leakage of nuclear materials, besides the war or national crisis of economy, could require a tremendous amount of new budget item, which may justify a fiscal imbalance.

Second, the level of national debt generally corresponds with the prestige of nation in the international community. I have excerpted some of them from the online encyclopedia page (Wikipedia, 2014). As known, the amount of debt would not necessarily mean that the administration in some period of time has to bear a responsibility to be prodigal, perhaps worse if no result or outcome according to the New Public Administration. National debt is a concept of stock variable, not a flow variable. It is a kind of cumulative number to reflect the totality of fiscal imbalance. The maintenance of national prestige would perhaps be more than powerful factor which outflanks the fiscal balance in some context. It also indicates a more

working or public service of government or even extent of positive relations with the national and international commitment. That could necessitate a bigger budget beyond the general good of fiscal balance.

(Table) Some Data of Debt

Public Debt of Countries Exceeding 0.5% of World, 2012 estimate (CIA World Factbook 2013)

Country	Public Debt (billion USD)	% of GDP	per capita (USD)	% of World Public Debt
World	56,308	64%	7,936	100.00%
 United States*	17,607	73.60%	36,653	31.27%
 Japan	9,872	214.30%	77,577	17.53%
 China	3,894	31.70%	2,885	6.91%
 Germany	2,592	81.70%	31,945	4.60%
 Italy	2,334	126.10%	37,956	4.14%
 France	2,105	89.90%	31,915	3.74%
 United Kingdom	2,064	88.70%	32,553	3.67%
 Brazil	1,324	54.90%	6,588	2.35%

Third, the fiscal balance perhaps would be most of concept prevailing in the liberal and communist ideals which is unrealistic in the modern provisional state. In the liberalist nation, assuming a perfect market economy, the government is expected as a neutral umpire of private sector, whose paradigm is of limited role on police and national defense. The public intervention or service of government is typical, ordinate and conservative where such contemporary challenges, for instance, unemployment, economic injustice, lack of income security, poverty, monopoly and so on, would not be the problem of government, but the kind of market failure. In this thought, the governments could not assert any cause for their fiscal deficit or imbalance. Instead, frugality and cost-effective government, some classic Republican virtue, would be most acclaimed by the taxpayers. The communist nations would perhaps be ordinate, not only of fiscal balance, but also of entire national economy since they practice the central planning of production of goods and services. They would manage a sheet of balance for the government and materialistic condition of entire nation. A fiscal plan beyond balance tenet may grow the national economy or could meet the challenges of government although they may incur debt, temporal process of transition and adjustment as well as political opposition. For example, Obama health plan would be contested for a period of time if it had been any wise or viable policy option. It generally turned to come effective that the 1970's budgets of Korea, heavily skewed from foreign debts and focus on the growth strategy, could spur laying the ground of national industrial capabilities and basic infrastructure.

Fourth, much spending generally means a bigger performance of government, which is mostly correlated with the more provision of public service. Then it is true that the larger budget, often said of government debt, indicates an active government, perhaps progressive with the public intervention toward public goodness. Without this mindedness, many current institutions of social justice would not be conceived of. The challenge, however, is that the public service often could not be gauged in any numerical clarity nor contested through the market competition. A rough nature of final justice could only be possible using the national, state and local election. In this concern, some could argue that the taxpayer's suit should be

viewed more in hospitality transcending strict standing requirements. The public service, however, could be assessed in some ways. We may be accustomed to a rating or ranking culture. The Billboard Chart or college rankings could be one example. In terms of new public administration (NPA), the organizational chief would manage in more flexibility and at his discretion. Then he should be responsible for the result of performance. Seoul Museum (SM) is one of the type in terms of its function and management. It could claim a better performance from the larger budget that the income and number of visitors had increased over the years. Interestingly, the public website of organization provides a rating section of service, which could be one very decisive way to measure SM's performance and quality of service. In this arrangement, adherence with the fiscal balance just speaks of defensive management, in which a larger budget could benefit both the financial conditions and customer satisfaction.

Fifth, the fiscal deficit or debt tends to relate with partisan politics, and also with the separation of powers principle. Generally the democrats would prefer a bigger government while the Republicans come at some of ordinate budget. Of course, even Republicans could advance to a larger budget, as in the case of Iraqi war, since both parties would favor the hegemony of US power. Some analysts could cast that the war spending might boost the national or international economy, which hints on the byproduct effect of public spending. In insight, the larger budgets, as the consequence of warfare, could generate progress through a new debt, credit, provision of public service and stimulus of economic activities. Although the government is not the kind of social enterprise, it could be approximated to be so in this notion. In this case, one evil would be the possibility of high inflation rate. When we see an interplay between the Congress and President, the fiscal balance would enjoy more of emphasis from the Congress as a matter of budget process and structure (Mikesell, 2014). The Executive would exercise a basic steering of budgeting, in which the President even could frustrate a proposal of his enemy congressmen. This implies that the fiscal balance is not a hot boils that could possibly be derogated from other various motives and political strategies. Structurally and as a matter of party politics, the value of fiscal administration could well be affected or even distorted. As a matter of law, we can surf over several statutes binding the fiscal officers. In this case, the mandate should be respected as provided of fiscal balance and requirements for the public debt. The Congressional Budget Control Act of 1974 was thought a kind of deviation from ordinate budgeting, which is designed to combat macroeconomic circumstances and mandate an authorization of Congress for a deficit and surplus budget (2014). Although it did not repair the tendency of substantial federal deficits, the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings Act) made a significant procedural improvements to the fiscal system (2014). The Budget Enforcement Act of 1990 focused on controlling and spending and taxing to combat the chronic deficit, which is thought as an effective deficit-control structure (2014). In most directness, the most recent act, Budget Control Act of 2011, imposed the statutory federal debt ceiling (2014). The historical wake on national budget shows a growing concern and engagement of congressional authority which tightens an oversight and control.

Sixth, the United Nations Classification of Functions of Government provides the programs or functional categories that the government generally is required to spend (2014). The traditional performance budget, program budget, and new performance budget are such triad of budget classification, in which the UN data could provide a good basis of international comparison. Our issue of fiscal balance could be considered from such comparative analysis. For example, the US government has an independent item in classification, for example,

“General science, space and technology” while UN has an item, “Recreation, culture and religion.” A less spending on the item could contribute to the fiscal balance, and simultaneously can become in comport with the UN guide.

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VIII. The Budget, GFOA Criteria and Stakeholders

My Public Organization: Chosun University

I chose Chosun University because I worked there as a professor since 2005. I began my teaching job as an associate professor of law, and the university launched a plan to prepare for the law school project. Afterwards, I have served a full-time professorship, and have taught the international, constitutional, and common laws. In 2010, I promoted as a professor and was guaranteed of tenured position. In this backdrop, the university is well known to me. Additionally, Gwang-ju, the local city in which CU is located, is my hometown where I lived until I was ten years old. Eight years of my service is not short that I could properly look into the nature of organization as well as the context of strategic planning process. This allowed me a more intimate research, and I believe that it offers an experimental subject for the organization studies. It generally has common traits as with other non-profit organizations, but there are some points of distinction. CU is a higher education facilities. It is a non-profit organization and has the goal about teaching and research. Their function is to educate the college students and produce a scholarly work to serve the public. CU is a private university, and keenly affiliated with the local community. An academic strength is modest, and the institution is large to have more than 900 instructors and professors. CU, located in the southern part of Korea, is a private institution, and regionally competes with Chon Nam University. CU is distinctive in that a school policy is liberal (Kim, 2014).

Identification of Budget Document

The budget document used in this assignment is for the 2013 fiscal year of Chosun University prepared according to the Act of Private School and CU Corporate Charter (Chosun University, 2014). The budget document along with the annual accounting report was announced to the public and openly accessible in the CU website, which is now a usual practice of public university within the electronic environment. Generally, however, it is less likely that the government, other types of public organization and private organizations would disclose their budget document. The financial document of CU has been composed of over dozen sets, on which it recycles the budgeting and accounting. Usually at the beginning of new year, the CU announced the comprehensive revenue plan which bases its annual expenditure (2014). In next phase, the CU prepares the first additional fund raising plan to cover the academic expenditure of budget, the second version of which will follow later in mid-year. The other additional fund raising plan would account for two parts, i.e., corporate section of budget and income generating section, the second and third versions of which also follow the first announcement around the September and November respectively (2014). The university hospital and dental college are two major sources of funds to complement a tough condition of university budgeting. These two public hospitals have generated much income from its prestigious status in the local city. They subsidize the flat rate of tuition income under the condition of no significant improvement from the transfer of funds from the governing board of university. The government support would generally be related with the research and public project of teaching and education which is not profitable to cover other expenses. While the national economy staggers and the education department would become stiff for rationalization of public university, the two hospitals must be a catharsis to set off the financial deficit with income support of university. In this backdrop, independent financial plan has been practiced to cover two hospitals, in which two times of additional budget would be announced to the public. Finally, around the end of each financial year can we be a reader

of the CU accounting document (2014). Hence the financial document of CU would be comprised of multiple sets: (i) one general set of budgeting and accounting including six specific documents (ii) three sets of Additional Budget for the Corporate and Profitable Businesses (iii) two sets of Additional Budget for the Hospitals (iii) two sets of Academic Budget. The documents specified to address the questions of this assignment would focus on the General Budget and Academic Budget, which shows the total and major scope of revenue drawing and expenditure, and the fiscal year is termed from Mar. 1 through Feb. 28, 2013 (2014).

About the GFOA Criteria and Assessment

GFOA and NACSLB would collaborate to provide the model practice of state and local budgeting practice, in which the recommended practices encompass the entire issues of budget cycle, from establishing goals to monitoring and adjusting the adopted budgets. In this end, GFOA annually award the most excellent budget teams of state and local governments, and they perceive the four categories and 27 criteria as elementary to assess the budget of government organization (Government Finance Officers Association, 2014). Since it is a policy document, it has to include (i) long range financial policies (ii) budget message (iii) unit or department goals and objectives. The budget is a financial plan so that it should include (i) consolidated financial overview (ii) major revenue (iii) change in fund balance and equity (iii) capital improvements (iv) capital impact on operations (v) debt (vi) basis of budgeting (2014). The budget guides numerically the operations of organization that should include (i) performance measures (ii) position counts. Since the budget is useful to communicate with the members of organization and ultimately with the public, it should include (i) the relationships between financial units and funds (ii) understandability and usability (2014). In each of cap, we could see elements of criteria to totalize at 27, for example, page numbering of document to serve the understandability and usability (2014).

The Budget as a Policy Document

According to the GFOA standard, three elements should be respected to prepare the budget document (2014). The CU budget and its practice would provide a scope of detailed information, but the elements in this category likely would be dealt separately, perhaps in the chance of new-year message of president and not incorporated as inseparable set of budget documents. The executive summary or transmittal letter would not appear, but seems to be communicated in other opportunities. Unit or departmental goals and objectives also had not been separately spearheaded in any summary words, which seems because the goals are generally clear and could be implied numerically from the Academic Budget (Chosun University, 2014). While the financial crisis is seriously discussed, the long range plan could not be surmised with the budget document. This is partly because CU still could not be certain of financial prospect in long terms. This point is chronic often focused as a hot potato at the university election. Besides these flaws, the budget document and annual practice are fine and regular to disclose the important financial information. The CPA, an official agent to approve the document, would provide an expert information in the format as required by law and enabled to grasp the whole nature of CU budget documents. Although we may not refer to the transmittal letter or executive summary, we are led of the basic summary in numerical presentation at the first page of document.

The Budget as a Financial Document

This characteristic of budget was well preserved over the years of CU documents, which respected the general standard of public accounting and budget practice of public universities (2014). The consolidated financial overview could be conveyed clearly in the introduction of budget. Major revenues could well be identified from several sets on the annual cycle of budget process and public disclosure. Of course, tuition obviously would be most important major revenue, and we see partly some decline of the for-profit businesses operated by the board of regent. I consider that CU has described over 75 percent of their total appropriated revenues (2014). The changes in fund balance and equity were reported sufficiently to meet the general standard of public budgeting and accounting practice. Other general information required of public budgeting and accounting, such as capital improvements, capital impact on operations, and debt had been finely included to make the sets as one of financial document. The basis of budgeting was according to the general practice and among accrual, modified accrual, and cash, that CU described it for all funds expended in the fiscal year. The budget document also provides a note of differences between the basis of budgeting and the basis of accounting (2014).

The Budget as an Operations Guide

As the budget document shows the operations of organization, it should include, provide, and publish the information of performance measure. The CU budget document could be assessed excellent on this standard showing how the departments and research centers perform their mission, namely teaching and researching (2014). As seen in the general budgeting, the strategic plan of downsizing could be traced by referring comparatively to the current budget and previous one. The trend of revenue and research as well as teaching expenses were well described in respective sections of budget document, often apparently common over the various public universities. Position counts were practiced in acceptable standard.

The Budget as a Communication Device

Two elements were crucial on the GOFA standard that the CU should explain or illustrate the relationship between the functional units, major funds, and non-major funds in aggregate. The budget document also should be understandable and usable. In terms of these elements, I find no critical flaws in the CU document which provides a details of each department, research centers, and the scope of school facilities, such as central library, college dormitory, shops and bookstores, café, school grounds, Rose Garden, and many others (2014). All these could be related to the function of university community which eventually enables a sustainability and increase of teaching and research capabilities. The documents had been prepared in fine format and on general clerical or literal virtue. Page numbering and font size are fine, and main sections of each document could be identifiable any easily (2014).

The Budget and Stakeholders

The budget document on the Regent of Board within the General Budget shows a reformative progress of recent years in CU, which has declined from 2012 year by 74.6 percents. The budget size shrank from 8.212 to 2.088 million dollars (2014). As CU is a higher educational institution and the major income source occurs from the student tuition, the transfer of funds from the board of regents has been a part of assistance to afford the

college management. The board of regents is distinctive as introduced above since the democratic concept of governance would fairly affectionate with the authority of regent. The students or parents and board managers are two major stakeholders in budgeting whose interest could possibly be affected. It means that a support for the regent could make the higher increase of tuition fee. This conflict of interest would not be salient, but silently engrosses the beginning of spring semester when the students regularly would frame a group complaint to freeze the tuition rate (Barr & McClellan, 2011; Pinteá, 2014). Hence, it is a tradition to strictly separate the accounts between the academic and board budgeting. It is also the kind of normative requirement that was compelled to produce separate budget document. The downturn of general budget in size can, then, imply to side with other stakeholders than the interests of regent, never seen as affluent if compared with other prestigious universities. However it is unfortunate to lay off some of aged academic staffs, non-professorial role, of course, over the years in the strategic process and budgeting. The major portion of budget document would deal with the academics where the tuition fee and details of related information were included. Over the years, the affordable tuition and no increase had been fought by the students and parents while professors and lecturers had partly been sympathetic for various reasons. Nonetheless, it is true to say conflict of interest that the tuition income would be a basis for the inflation-adjusted increase of salary (2011; 2014). The bargaining often has led to moderate increase to satisfy both stakeholders as we confirm from the 2013 academic budgeting. Most sensitive stakeholders in this vortex would be the inculcated top managers of university and strategic staffs while other local elites also could share to concern. The steady decline of birth rate over the decades actually created a devastating condition of local universities since the youths of college entrance years would sharply be drained. This factor has been long attended by the educational officers of government, strategic staffs of local university and top school administrators as well as local professors. The Academic Budget would be an important chart to witness the progress of dilemma although the 2013 one still indicates a good signs from the previous years. At least however, the investment in recruiting new professors has not ambitiously been planned and some of aged professors chose to retire on the independent scale of remunerations for the remaining years. Importantly, CU academic budget demonstrates the quality of institution that the research support and expenses would be made viable to finance many departments and colleges (2011; 2014). CU also achieved a remarkable success in the competition of governmental funding, which made it esteemed and lead other public universities in Korea. As the grant or funding of government requires a tough competition, it generally shows a strength of CU researchers which eventually would bring a quality learning of student. Hence, the benefit from five recent successes would be shared by many stake or interest holders of university, including the academic staffs, students and parents, local citizens, alumni, and widely for the general citizenry from such research accomplishments. As a budget planner, it is generally common that the school budgeting and accounting would be explained in vast amount by the research and teaching activities. This characteristic is generally same as confirmed with the 2013 Academic Budget.

Some Reflections

The budget shows what the organizations will produce and how the necessary resources or funds will be financed, meaning a kind of numerical shape of organization's identity. The strategic planner will benefit from this tool that could communicate with the followers and direct a clear path of organization in some time frame, often annually. It is the basis of interplay to persuade and also to be critiqued by the stakeholders of organization.

Hence, the budget plan would have a multifaceted quality beyond merely a financial document as principled by GFOA. It pronounced the role and quality of budget in the as stated. The budget must be fairly effective to facilitate the organizational goals and performance since it is the kind of definite statement on the profile and nature of organizations (Mikesell, J. L., 2014). There are numerous empirical studies that the humans or workers could be animalistic from signs or symbolic expression. According to the findings, it is hardly deniable that they are the creature operating on both of rationale and pathos. We may contend, disagree, and struggle toward any collective resolution or common venture, which would be typical over vast of public organizational process. The leadership and followership could be endangered to bitterly interact and to require any strategic planning process. They try to persuade the stakeholders and followers within the lengthy cycle of serial meetings, which often might be futile with exchange of demeaning language or discontent and grievances against the counterpart. The numerical tendering of issue, in cases, could switch the ineffective consumption of time and expense to expedite the participatory leadership (2014). A budget is the kind of symbolic expression most effective to draw attention and recognition from the interested parties, leaders, followers and stakeholders of organization. The official budget document often are comprised of several sets, comprehensive and specific, and presented to the public in the box form as usually experienced. We often may come easier from the box office of Hollywood, which rates and provides the information of musicians and their performance. We can feel a kind of catharsis from its qualities, i.e., a numerical basis of rating and clarity from the box form beyond the complex background of analysis and decision and lying behind rating policy. The magic of “number or math” is fairly working or even charismatic to persuade and share the contentious or ambiguous nature of issue. As combined with the typical format of box tendering, it can create the central strand to ameliorate a difficult realistic chaos. This strength can interact with the dimension of human rationale and pathos, if arguably pulsed differently in two proportions depending on the interested parties. Most agreeable stakeholders on the numerical tendering would more readily escalate to the dimension of pathos while moderate followers might come composed equally with both. Some dissenters would attack it from both grounds. Basically, however, the budget documents often are compressed in numeric terms and professional in formula and process, which could penetrate the users in simple receipt that could stigmatize to increase the followership. Hence, it is a strategic instrumentality, a crystallization of organizational role and performance in definite and numerical terms (2014). A business scholar may pretend between the leaders and managers, and others would comment that the management and planning are the head or organization while the accounting could be implied of tales in the end. Given that the accounting bears the interconnection and reflection of budget, both tools are critically intertwined with the leadership, managerial role and strategic planning of organization. The magic of “number and math,” as may be of the kind of value concept, would be received widely in our usual experience. For example, one provision of UCP (Uniform Practice of Letters of Credit) requires the commercial bank to disregard the kind of adjective, e.g. “famous, renowned, well known” and some other ambiguous expression, as an effective credit terms, in the process of reviewing the document to claim the contract amount based on the letter of credit. In this case, the strict compliance rule applies to conventionalize and expedite the commercial stream of international transaction in which the bank can deny effectively to “purchase the document (hence should pay the contract money)” from numerical discrepancy with the credit terms. In other example, the university would give a grade about the publication of professors when it rates their research performance. It may give 240 points for the SCI or SSCI journals while other articles can obtain 100 or 90 points for each peace. As we know, SCI or SSCI would be

rated by the Thomson Reuter, which provides their journal list as the kind of box form. It could fairly enlighten the complex nature of each professor's research performance in any value assessment and, of course, from the numerical ground. The books may be rated. Unfortunately, however, we may not share a common ground of different treatment among the publications unlike the SCI or SSCI journals although we may prefer some publishing companies. The examples plainly illustrate the practical power of numerical value and some formatting beyond any rhetoric and catchphrase, which also facilitates human convention and public sharing. The strategic leadership and competent budget officer need to be minded with these qualities of budget.

Conclusion

Overall, the budget document of CU generally satisfies the standard of GOFA, and must be taken as acceptable in view of four budget characteristics although it is not excellent so as to be praised in the kind of budget competition. With respect to the budget and accounting document, the readers could obtain information about the status and strategy or transformation of organization. In terms of leadership and management, the budget also crystallized the information of CU service to the stakeholders and its transformation from the strategic planning process.

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IX. The Public Organizations and Budget Process

The Budget Process: Types, History, and Some Essentials

The budget process would differ according to the types of organization. It is the process to allocate resources to achieve the organizational objective that three organizations, i.e., government, public and for-profit organization would bear different meanings and implications. The government perhaps is biggest in total spending that all three levels of government had spent 38.1 percent of total economic activities as measured by GDP in 2010 (Mikesell, 2014). It is typical from other two types that interacts, directs, and plans the private and public production of nation. It interacts with the private sector in concerns and for promotion of the economic activities that we may, for example, occasion the collaborative leadership of Congress and President in the national trade interest. The unemployment problem is any most popular agenda in the presidential elections. It directs and plans the allocation of national resources beginning with the share of two sectors, and determines which of them would be best to produce the service and goods. The Congress would decide how much and what sorts of tax would be imposed as a matter of law and revenue raising, which moves funds or resources from the private one to public sector. Although we say the liberal market in purpose to define the communist states as planning economy, at least conceptually, the government of all liberal states would be a principal to guide its economy in such fiscal frame of understanding. Since A. Smith presented two pivotal theses, i.e., wealth of nation and invisible hands, the public attention generally has been emphasized on the second dimension, at least after the demise of imperialistic competition around the turn of 20 centuries. That is probably because the rise and increasing conviction on the democracy, especially triumph of American mode and its influence form the plutocracy of US constitutionalism or second nature of commercial class than monarchy or agricultural bourgeois, would shift a previous paradigm. The universal suffrage was achieved, the elite westernism was contested, and public goodness turned not only idealistic, but also became something that could be realized in the political process. The Beveridge Report and New Deals in early of 20th century should be a wonderful sea change in thoughts and political concept. This implies that the European and American politics around the turn of 20th century, especially marked with two world wars, could term well differently between the wealth concept and prosperity of liberal market. Now people have become more attentive if the national or global economy would progress or stalemate than the national debts or wealth indication. One heresy here, perhaps toned with A. Smith and within the aspect of assets or wealth approach as well as heretic from the market theorists, would be a Picketty's work, which has much been critiqued by market philosophers, such as Sommers (Picketty, 2014). On one hand, the idea to link his analysis of modern capitalism with the assets or unequal distribution of wealth and tax evokes the sense of re-revolutionizing for any viable popular democracy. On the other, the idea is well questioned how his complementation or combination of thoughts could discourage the crisis of liberal market and restore its quality. This imposes challenges on the fiscal administrator or budget planner since the budget process is "where the choices get made for government operations, not so quietly and we hope not so invisibly, but definitely politically (Mikesell, 2014)." This quality would generally be unique for the government, but could be applied in analogy to Chosun University, the public organization dealt in this discussion. It also needs to be noted that public organizations can operate with a haphazard budget process or causal and ad hoc processes and we see that the federal government has barely been following its own processes. This aspect generally would not be present in other type of public organizations given the

political elements are lacking nor dominating. The budget process of Chosun University is also charming and less traumatic unlike the levels of government, at least in terms of political battle. Neither partisan politics nor separation of powers principle intervenes to make it loud or contentious. Several of strategic planners and accounting experts could suffice the satisfactory preparation of budget, but still it shows the strategy and performance of CU. A type of public organizations other than the government could be viewed as distinct that transfer payments would normally not be present besides purchases (2014). In terms of purchases, the government diverts productive resources from private use by businesses and individuals to government use while transfer provides income to recipients without service being required in return. While two primary categories, say purchases and transfers, constitute the government spending, it depends on the character of public organizations whether transfers could occur. Some public organizations, such as food bank or charity would be dominated by transfer spending while the educational institutions would not be or less stark of transfer spending.

Now we turn to see the qualitative nature of issue beyond the general base of liberal economy and democratic requirements. Our feel might be of the kind of different impression between the Senate and House. The budget planners may have some impression, to say, (i) small, selective, structured and continuous (ii) parochial than universal (iii) noble than representative (iv) tangible than theoretical and so. Most importantly, they would be responsible for the question of A. Smith how wealth of nations would progress although the modern fiscal concept may develop to complement from a democratic requirement and value, such market concepts as most efficient delivery of service, participatory budget process and performance based budget. One recent debate on the ceiling of federal debt seems one signal that people now would not divert their attention from the wealth concept of nation. The budget planners could likely be a witch, but a kind of best knowledgeable professional who interact with the political elites. As illustrated by Mikesell, the large kinds of strategies exploited by budget personnel or teams simply imply how the budget struggle would be progressed or interacted among involved players and show the quality of issue (2014). In the practical consequence, it is notable that the budget process is to scratch some of structured reality in allocation of resources. Hence, there would certainly be recurring events in the budgeting and spending process, and we see it to constitute the budget cycle. Let me summarize some basics of complete budget. First, it should include three distinct segments (i) a financial plan (ii) a revenue forecast (iii) revenue structure. Second, an identification of spending could be made in three views (i) administrative (ii) economic (iii) functional (2014). The year appearing in a budget logically includes (i) the budget year (ii) the progressive-report year (iii) the final report year (iv) out years (2014). Public financial managers expect budget procedures to serve (i) fiscal discipline and control (ii) response to strategic priorities (iii) efficient implementation of the budget (2014). The budget would be coupled intrinsically with the audit in which we identify two types according to their objective, namely, (i) financial and (ii) performance (2014). The full accounting system combines several elements (i) source documents (ii) journals (iii) ledgers (iv) procedures and controls (2014).

CU as the Public Organization

I chose Chosun University because I worked there as a professor since 2005 (Kim, 2014). I began my teaching job as an associate professor of law, and the university launched a plan to prepare for the law school project. Afterwards, I have served a full-time professorship, and have taught the international, constitutional, and common laws. In 2010, I promoted as a professor and was guaranteed of tenured position. In this backdrop, the university is well

known to me. Additionally, Gwang-ju, the local city in which CU is located, is my hometown where I lived until I was ten years old. Eight years of my service is not short that I could properly look into the nature of organization as well as the context of strategic planning process. This allowed me a more intimate research, and I believe that it offers an experimental subject for the organization studies. It generally has common traits as with other non-profit organizations, but there are some points of distinction (2014). CU is a higher education facilities. It is a non-profit organization and has the goal about teaching and research. Their function is to educate the college students and produce a scholarly work to serve the public. CU is a private university, and keenly affiliated with the local community. An academic strength is modest, and the institution is large to have more than 900 instructors and professors. CU, located in the southern part of Korea, is a private institution, and regionally competes with Chon Nam University. CU is distinctive in that a school policy is liberal (2014).

A General of CAFR

According to Mikesell, CAFR serves the players and stake or interest holders involved with the budget and audit process that it is a general purpose report to meet the information needs of public officials, citizens, auditors, and investors (Mikesell, 2014). Its quality and formality would be described in elements (i) publicly available (ii) comprehensive and reliable single source of information in depth and breadth (iii) generally three sections in presentation (introductory section/financial section/statistical section) (iv) prepared according to the general practice of accounting (v) sufficient to provide a complete overview for important decisions, such as those of investors in government (2014). Although such character of CAFR as above was defined to deal with the case of government, it could be said of Chosun University that should be produced in its CAFR. In so doing, the organization could interplay with the parents, students, professors, staffs, education department of nation, local interest holders, donors and givers, and many other agents in concern (Barr & McClellan, 2011).

The CAFR of CU, Stakeholders and Its Value

The CAFR of Chosun University tells a lot of information to the stakeholders. Most of all, CAFR was made accessible to the public that CU arranged a special section in the public website especially dealing with the issue of budget process and audit according to the reporting requirement of laws and school charters. Anybody interested in the finance and budget management of CU could visit the website if he needs the information. The website provides an annual cycle of budget and audit information by posting a comprehensive documents in terms and periods through the fiscal year (Chosun University, 2014). One fiscal year would be managed with nine cases of posting that includes multiple sets of financial document. As you can confirm in the website, the posted documents are: (i) one general set of budgeting and accounting including six specific documents (ii) three sets of Additional Budget for the Corporate and Profitable Businesses (iii) two sets of Additional Budget for the Hospitals (iii) two sets of Academic Budget (2014). The fiscal year is termed on a yearly basis, for example, from Mar. 1 through Feb. 28, 2013, in which we can get to know the differentials and trends in comparison over the extended years. For example, the general set of budget provided a size trend with the previous year, which tells the stakeholders about a downsizing strategy for restructuring a management. This comprehensive dealing on the year round cycle of posting and interaction would enable stakeholders to grasp a complete overview of CU financial management. This means that entire documents in integrity of sets

would be a single reliable source of information for the stakeholders and that the benefit of budget and public relations process for the organization is enormous. It could attract the sound decision of givers or donators, and create a basis for the application of governmental funding and financial subsidies. It could increase a public confidence, especially related with local interest holders that the root tradition as a most ambitious local university could be maintained. It shows what the organization performs and how it delivers a service as we can see in the section of research expense, teaching costs, and student financial assistance (2014). Structurally, we could have an understanding that the Regent budget and academic one should separately be reported as a matter of law. As the CU Regent is not rich enough, vast amount of money are drawn and spent in the Academic Budget. The stakeholders also could be informed that two hospitals play an important role to subsidize by setting off the deficit of general budget. The hospitals are most respected public institution in locale that its income size would be larger to support the general budget of university. The budget and audit documents tell the stakeholders according to the general practice of accounting (Bizzer Professional Training, 1999; 2014). For example, the outside auditors provide a comment, which would be any gist of his examination results and most crucial to understand the financial status and merit of organization. If translated partly from their opinion attached to the audit and accounting document at the end of fiscal year, “now an auditor completed an examination of the CU budget and financial documents according to the special purpose audit standard stipulated by the Korean Certified Accounting Association.” The stakeholders also could be informed from his comment that the financial statement of educational institution would not be prepared according to the accrual basis of accounting practice. This means that the cash basis accounting is still a dominant practice in public universities and Korean government. It is notable that Korea plans to introduce the accrual basis of accounting for fiscal administration of local governments. CAFR is adequate to include three sections of information in which the stakeholders could know (i) the structure of CU, the nature and scope of its activities, and the specific details of its legal environment (ii) comprehensive overview of organizational operations and independent auditor’s report on the finances (iii) details on organizational operations and its major financial trends (2014). For example, the resolution of board on the general set of annual budget was attached to show its legal structure of operation. The board of regent legally would be a governing body to decide major issues of university administration as a matter of law. Given that the academic budget and two hospitals budget were prepared independently, the stakeholders could know the nature and scope of its activities. The general set of budget provided a head comment to summarize numerically the major financial trends by informing a sharp decline in comparison with the previous year. The statistical section was well prepared to include the box presentation with numbers of dollar amount, sections of function and programs as well as cross year comparison. The special funds were sectioned to inform a unique devotion to some specific organizational objective. The information on fiscal discipline and control was implied so as to be notable for the stakeholders, showing that the organization practice was well to do expenditure-control function and made to be cost-effective. While the global universities give a focus on research and teaching performance, the academic budget also illuminated a response to strategic priorities (1999; 2014). In sum, the value of report to the organization is immeasurable in points; (i) fulfills the legal requirement (ii) could be a basis to create the public relations (iii) communicates with the followers and leaders by identifying the priorities and directing the operations of organization (iv) could be a basis of strategic planning process (v) could be referenced as an internal control to reflect and improve in terms of financial management, and so on. One noteworthy point is that CU would implement the kind of participatory budget process, evidencing an aura of university within the history

of student and faculty activism. In the general set of budget documents, the faculty report and approval was included who acts in the name of faculty board although there is no compelling ground of law about such attachment other than that of Regent. The following is an introductory statement on the CU general budget.

(Table) Some Transcription from the CAFR of CU

The Introductory Statement
Article I: The total budget amount in 2013 fiscal year shall be 248,900, 280 US dollars.
Article II : The details of revenues and expenditures shall be allocated within the following statistical section.
Article III : Basic Profile of Budget Allocation
<ol style="list-style-type: none"> 1. It reflects a downsizing of annual budget to respond with the decline of tuition income and donations due to the economic downturns of nation and shrinking demography. 2. In the end to maximize the efficiency of budget, unnecessary programs or projects shall be closed and priorities shall be given to the productive programs or projects needed of investment and considered strategic to maintain competitiveness or improve the public indexes.
Article IV : Major Strategic Programs and Projects
<ol style="list-style-type: none"> 1. Creation of Research- friendly Environment and Partnership Project with the Industry (Improvement of Performance Assessment). 2. Induction Strategy/Fostering of Creative and Talented Graduates/Employment Rate at Graduation Project. 3. Priorities for Globalization/Foreign Student Project. 4. Capability Building Program/Welfare of University People/Transparency in University Administration 5. Improvement of Teaching Environment/Pleasant and Lovely Campus Zoning

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X. Assessing Financial Condition

An Introducing Thought

The table 1 shows that the fiscal administration shall operate generally in any structured challenge, where the trend of Revenue per Household over five years would not be significant. In terms of budget process, the ways of approach could be several, i.e., administrative unit, program or performance based, which hints on the paradigm change of public administration. The views would focus on the structure of public service, work efficiency, assumption change involving the government (for example, from ruling to management concept) as well as the kind of democratic values, i.e., positive state and accountable government (Mikesell, 2014; Hagen, Jürgen, Harden, 1995). Another important distinction, at least in terms of framework, would be the expenditure and revenue planning side of budgeting, which characterizes the basic orientation of budget planner and as related with the interest of policy addresses (2014). The first view is unilateral to illuminate the service provider, namely government. The second view also would be unilateral, but in this approach, the service recipients would be dissected in generating any fiscally sound budget allocation. The practice on both ways would be explorative to forecast, investigate and analyze, which eventually can be reduced into an itemized budget of specific organizations. The view would underlie an assumption that the service delivery and revenue systems as separate planning process would be elementary for and often be practiced by budget planners. The assumption includes three components (i) service to public (ii) resources to provide services (iii) means of financing resource purchase. These three corroborate with the system and practice of government. The service to public highlights expenditure of government, which denotes the service delivery system. The means of financing resource purchase would correspond with the revenue system in which a serious contention and disagreement would often be raised in the political process. For example, taxation is any principal way to draw a revenue to finance the public service of government, and the levels of US government could be compared with the practice of other countries. Two points arise in this concern. First, within the revenue system, especially involving the tax, there we can find a variant to determine a specific national system (2014). For example, the federal taxation is not diversified among tax bases, in which income taxes are predominant and the government generally levies neither general sales tax nor property tax. Among them, 63 percent of total general revenue comes from individual income tax and 9.5 percent from the corporate income tax, the total of which would equal the all kinds of revenue collected by the state and local governments (2014). That would be party because the constitutional or other institutional constraints would require of some limitations and exceptions (e.g., recall if state taxation on the national bank was denied in the case *McCulloch* decided in 1819), and because the federal policy makers should consider various factors in shaping the tax system. The resources to provide services could be implemented by purchase of government that the labor, capital, supplies, etc .could become tangible into the system of service. The modern government probably would be one of biggest employers, which recruits a large number of public officers and expends much of personnel cost including salary and wages. In other cases, the budget expert may play on the deficit or debt strategy committing a dereliction on the allocations of capital and operating budgets, in which the purchase of capital could be an item not to be recognized as the fiscal failure of current administration (2014).

Hence, the second view with respect to two components of budget, expenditure and revenue side approach, would provide a comprehensive picture to understand the current status of public finance and its trend within any time period (Daniel, 2015). It also needs to

be noted that the fiscal operation of government would not only bring an economic impact, but also incur an economic response from the policy addresses. A change of tax rate would affect the business decisions and many empirical studies would find its diverse effect on the businesses and industries. For example, an intraregional response would differ from the large base of territory, and the increase of tax rate on specific industries would affect more for the local businesses to relocate to other states or locales. This factor should be taken account of when budget planners explore the expenditure or revenue profile of government in the context of periodic trend and tax system or law reform. The expenditure and revenue profile would be termed as two sides of coin, which ultimately submits in view of accounting theory, double entry booking, and constant equation “assets = liabilities + equity.” On the while, however, the history reveals that taxation generally could be the most important source to fuel such tragic response, a momentum to transform feudal monarchy to the liberal democracy. The American revolution was such, and the demise of *ancien regime* could also be attributed in that highlight. It is still implicating that the tax haven has long been entertained abroad by the Korean asset holders, and the Chinese leaders paid an interest to the Tocqueville’s, i.e., prelude to the revolution. The idea of international uniform taxation from Tobin and Piketty could suggest something persistent over the political and economic centuries of dilemma (Piketty, 2014). We can learn from the classic wisdom to dispose two frames of approach into contrast. The revenue mind would be implied from Jean Baptist Colbert, a finance minister in Louis XIV’s court before the French Revolution, who essentialized the tack of financing government, “The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing (p. 352, Mikesell, 2014).” On the other, Economists G. Break and J. Pechman describes, “The primary goal of taxation is to transfer the control of resources from one group in the society to another and to do so in ways that do not jeopardize...(p. 352).”

Table 1

Hypothetical Trend within the City of Centerville

FACTOR	YEAR				
	1	2	3	4	5
Revenue per household	\$ 321	\$ 318	\$ 329	\$ 329	\$ 328
Sales tax a percent of total revenue	.938	.936	.935	.935	.933
Expenditure per household	\$ 321	\$ 321	\$ 333	\$ 334	\$ 334
Low-income, sales-tax-exempt households as a percent of population	.139	.139	.142	.155	.156

Economic and Demographic Characteristics

Table 2

Population Trends

		YEAR			
	1	2	3	3	4
(i)	200,000	201,000	20,2000	20,3000	20,4000
(ii)	66, 666	67,000	67,333	67,666	68,000

- (i) Indicates the trend of population in the City of Centerville
- (ii) Indicates the trend of household in the City of Centerville

Table 3

Employment Trends

YEAR				
1	2	3	4	5
100,000	100,500	110,000	101,500	100,200
200	250	260	250	280
38,333	38,500	38,522	38,666	38,000
22,335	23,000	23,555	24,100	24,200
5,798	5,250	4,996	4,650	5,520

- The five rows indicate as follows.
 - (i) Indicates the number of employees.
 - (ii) Indicates the number of households in which no income earner lives
 - (iii) Indicates the number of households with one employee
 - (iv) Indicates the number of households with two employees
 - (v) Indicate the number of households with three and more employees

Table 4

Personal Income Property Value

YEAR				
1	2	3	4	5
45,000	45,332	45,888	46,000	46,200

- The number indicates a monthly income of employees on a per capita basis and in US dollars, which is the basis of income tax computation

Table 5

Business Activity

YEAR				
1	2	3	4	5
50,000	55,000	56,000	56,700	57,300
50,000	45,500	54,000	44,800	42,900

- The two rows indicate as follows.
 - (i) Number of waged worker
 - (ii) Number of the Sales Tax generating businesses

Expenditure Profile and Analysis

Table 6

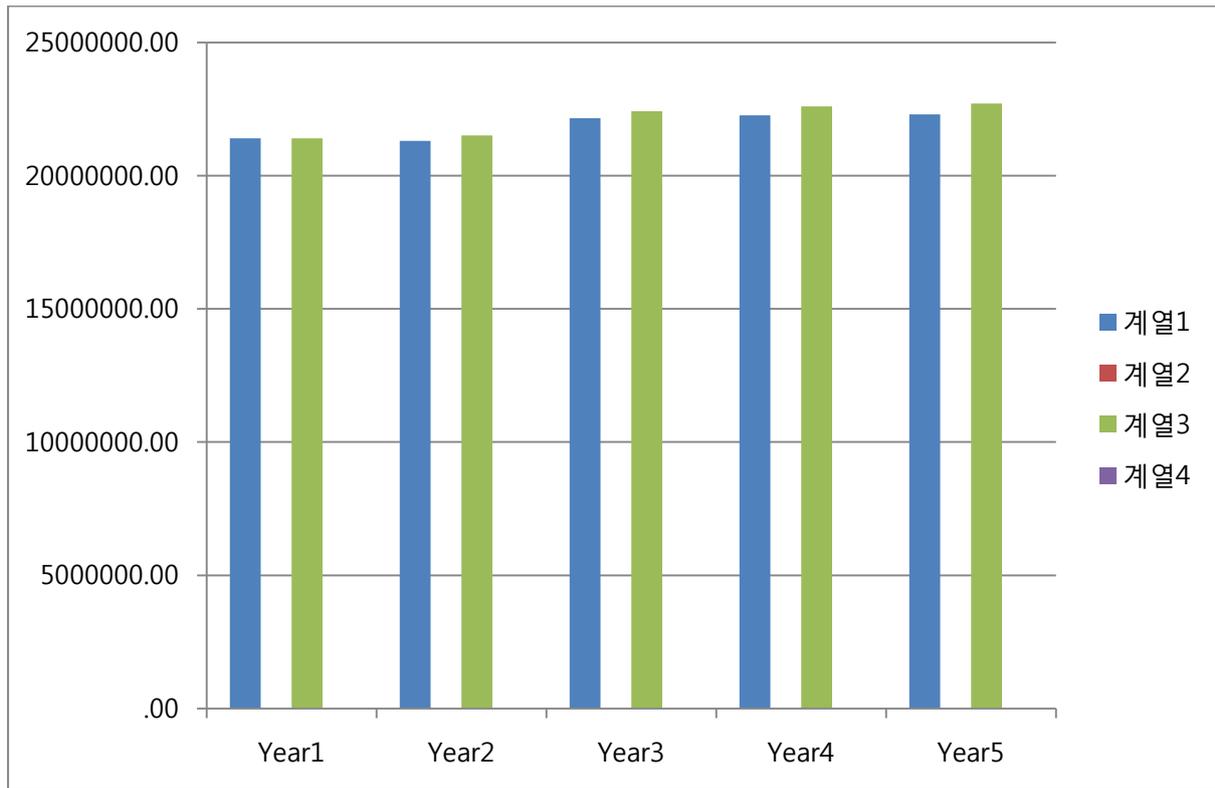
Deterioration of Revenue Base

FACTOR	YEAR				
	1	2	3	4	5
Revenue Base	21,399,786	21,306,000	22,152,557	22,262,114	22,304,000

Deterioration (RB)	20,200,300	20,106,514	20,105,100	20,090,000	20,080,114
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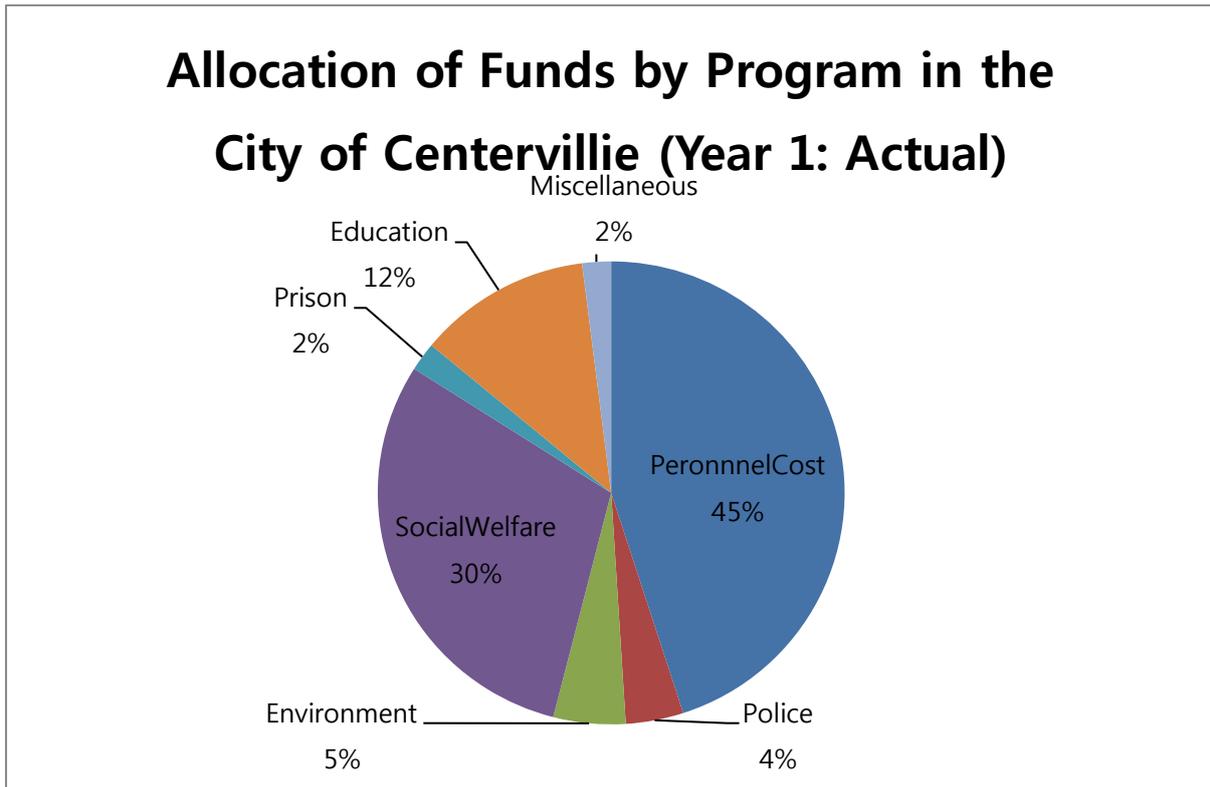
- Revenue Base : Revenue per Household x Number of Households
- Deterioration of Revenue Base : Revenue Base-Less Collection of Tax Money because of Low-income, Sales Tax-exempt Households

Figure 1 The Revenue and Expenditure Forecast



- Blue bar indicates the dollar amount of Revenue Base (Forecast)
- Green bar indicates the dollar amount of Expenditure (Forecast)

Figure 2 Allocation of Funds for the CC



A graph above shows the forecast spending and revenue base for the constituents of CC over next five years (Brittain, 2006). As you noted, the revenue base should grow a little as the years progress since the households would increase yearly. Nevertheless, the decline is highly expectable partly because the taxable households would shrink. The shrinkage would be caused by tax exemptions on the low income standard and no income households. While the sales tax is vastly a principal source of tax collections in the CC, the businesses taxable on the sales basis would also factor to diminish an expected revenue base over the five years. The legislative policies to adhere with the sales tax to finance the CC have long been consistent that the change would not likely occur in the short years ahead. That is because elected politicians would disfavor the income tax since it directly affects a political support from the constituents. This factor will deprave the financial condition of CC. The sales tax as a revenue source seems sustaining the finance of CC, which, however, indicates the sign of decline to threaten overall financial condition of CC. Some reason would be that many businesses would relocate to other locales in the search of more business friendly system and support of local government. The internal procedure to rescue the financial crisis is generally stiff and less agile to reform. The city council would be dominated by conservative members and the reform of tax regulations would face years of review with no certain outcome. The graph is net amount of revenue source, which excludes the user fee and external revenue source and only explains the original source of government income. Therefore, the cost of service may be recovered, which is re-spendable for the next years. The recovered cost may be a part of whole spent expense. As the public organizations are non-profit, the recovered cost could not exceed the cost of service. The external revenue source would subsidize part of expenditure dollars in the CC, which is little accounting for 3 percents of total revenues. The city owned properties may yield a rent and some bank interest would accrue for the savings account of CC. Its profile was incorporated in the Appendix which is not visible here. The tax burden would lead to the economic response from the individuals and businesses. Therefore, policy makers would be sensitive in handling the reform of incurring changes of tax burden.

They shape an internal strategy to adapt the need of tax reform with an adverse effect on the revenue base, which was prepared in separate report in the Appendix. Our forecast as shown is gloomy indeed, necessitating the more rigorous cost controls and competitive estimating practices to meet a balance for the next five years (Casey & Seay, 2010). The collectability and transparency are two important ideals that the fiscal administrator takes forward to attain the objective and goals, fiscal balance and democratic requirements, as well as quality of public service. One wisdom could be found, for example, that the tax officers may act like an investigator to collect the information for efficient taxation. This way proves highly cost effective in South Korea that has been deemed consequential to collect more of tax monies. These variants have been incorporated into our final forecast covering both of revenue and expenditure in the Figure 1.

As noted in Figure 2, growth of overall expenditure would be equal or little bigger as compared to the revenue growth requiring a strategic response for the service provision of CC. In some cases, the fixed costs would increase undesirably that the program adjustments have to be implemented. In other cases, the budgetary control seems ineffective that the program evaluation between expected results and performance indicators will have to be planned. Besides the fiscal discipline of budget planners, the strategic planning is necessary that specific client needs for high-quality and timely civil service of CC are met. As you note, the sectional outputs show the share of total expenditures in the next year (year 1), and represents the traditional area of public service that the city governments are responsible to provide. The personnel cost occupies a large share of total expenditure, which would be a major contributor to burden the expenditure amount. This trait is notorious within the contemporary governments, and the CC is no exception here. The regular workers shielded of his employee status as a matter of law would offer a major portion of public service and one of proud elements in terms of public welfare. However, it has been contended involving various issues and public cause, which led to privatization, downsizing and one time workforce as well as the decline in personal productivity. The budget related to the one-time workforce adjustment was profiled in the Appendix that the CC will practice an increase of employment and central management to combat the decline of personal productivity and cost reduction. A growth of public programs in the CC also is one culprit that creates future expenditures. Hence, the two sets of strategic outcome were prepared according to the sections of public service (Moynihan, 2006; 2010). It begins with program description, human resources, expected results of programs and sub-programs, performance indicators, targets, planning highlights, planned activity, and planned spending. For example, the strategic outcome 1 would direct that the citizens of CC have access to timely, relevant and quality public service. It is also important to meet the requirements of city treasury policy on evaluation and its directives that the specific programs survive. The planned activity was pursued in line with the government’s commitment to demonstrating results for spent taxpayer’s dollars. The next table shows some strategic points improving the evaluation function.

Table 7

Planned Activity

<p>Specifically Year 1-5</p> <ul style="list-style-type: none"> ● Recruit skilled evaluators ● Professionalize the evaluation function ● Deliver the rolling of five-year departmental evaluation plan

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XI. The Tax Source and Fiscal Thought

A Tax as the Source of Revenue

Generally can here we identify major three types of taxes that the state raises a revenue to address the police needs and provide a public service for the constituents. The property tax is levied according to the value of property that the subject owns. The sales or purchase tax identifies the transaction of goods or services as a tax incident, and a rate of tax normally is levied according to the transaction amount, which ultimately would be transferred to buyers or consumers. The income tax requires a statutory recognition of income that a rate of tax stipulated will be levied according to the income amount. The tax is any most traditional and original form of state revenue-raising, which should be based on the rule of law frame strongly emphasized over the wake of history and social progress (Beamer, G.D., 2000). It is no surprise that the modern civilian focus against a tyranny and dictatorship has stimulated three areas of interest, i.e., criminal justice from the abusive state power, rule of law against excessive and unfair taxation, and economic freedom. Now that the kind of principles, say, prohibition of ex post laws, rules against self incrimination, or beyond the reasonable doubt, has inculcated a basic stance between the state and subject, he or she can enjoy a selfdom and legal certainty from tumultuous or unscientific incrimination and punishment. A sanctity of property right, contractual freedom and due limitation of civil liabilities on the concept of legally recognizable fault had contributed to the prosperity of businesses and industries. Amass of capital and the wealth of new industrialists require a rule of law in the state taxation. The same catchphrase will commonly pertain that “no penalty without law” may convert to “no taxation without law” in our case. As Madison puts, early courage required to save the country is the kind of voluntariness and morale of wealthier class to pay a tax needed to defend the nation and maintain a burgeoning federal union. While the art of terms, “the power to tax is the power to destroy,” apply to the structure of governments between the state and federal, it could be gotten similar between the subjects and state. In Korea, income earners should complete the annual tax calculation and report it to the national tax office. They may spend on the credit card other than cash, spend the educational expense and have dependents or the kind, which accrues to their tax interest since the law classifies those incidents as tax-exempted. They normally would have a return of already paid income tax every year in January and recover his payment of previous fiscal year. The laws and regulations have changed in 2014 that many wage workers either should pay more or could not enjoy a return. One firm employee makes an outcry, “I may get dire that this tax system certainly destroys myself” (Hojin, 2015).

Characteristics of the Tax

While the power to tax or taxation can be viewed a symbol of state power along with the criminal muscle of nation, it has some characteristics. First, the tax is levied and coerced to pay as a matter of law, which is unilateral, unconditional and supervening, neither friendly with the kind of concepts, for example, bargaining, negotiation, equal, transactional and so. This characteristic is thicker in continental states of Europe since they are more conceptual and dogmatic. Guilty plea and bargaining of criminal sentence developed in common law countries would be one distinct institution standing on the bargain concept although it involves a sacred state function of criminal justice. A negotiation of price determination for property tax would be one other example, which appears to utilize the private-like mode of interaction in imposing it. The modern tax law introduces a mild method, not stiff from the

traditional thoughts, in many areas enabling to meet both needs of tax authority and subjects (Beamer, 2000). In some cases, they defer a one time payment for yearly allotment involving a large succession or estate tax. Second, the taxation requires some incident or condition as a legal ground to levy. The property tax can be imposed on the condition that the subjects own a value of property as stipulated by laws and ordinances. The sales tax requires that a transaction occurs to meet the statutory requirements. Interestingly, many taxes would trigger a happy incident for the subjects which may likely follow the preaching of Jean Colbert. Owning of property and purchasing of something apparently must find the subjects happy (Mikesell, 2014). However, it does not allow the state to levy tax without hissing as Colbert guided. Besides the extreme haunt of libertarians or anarchists, the fairness and equity of taxes shall arouse an apparent tension of both sides. A succession tax would be one stark scene in this concern. Let us take an example an heir of superrich, who died these days. We would not be sure if he or she is happy to pay tax gladly since he should mourn for his father's death. But the high likelihood is that he will certainly get aroused to a surprising rate of succession tax around 60 percents of succeeded assets. The succession tax generally would be the carnage of social focus which is contested in terms of fairness and equity. In this case, the concept brings us a grand picture of social justice which transcends the justice issue among taxed subjects. Some may argue that a low succession tax can perpetuate the economic injustice and social stratification over generations and generations. In this view, this tax may have same attributes as property tax, which excels, however, in terms of its generational impact. While we find the tax laws including an information ore of legal details and tax lawyers would provide an experienced service for the affordable heir, the controversy was once caught by public, which involved a grey grant of Sam Sung owner for the successors eventually leading to criminal investigation (Lee, 2015). Third, we may once again recall on the state role and legitimacy as well as thoughts of philosophy. How do we attribute to a state identification? We may imagine the limited government, which is best subservient to the interest of wealthier class. It should only be an umpire of citizenry and provides a limited scope of traditional service, e.g., defense and policing. On the other, the transitional state of all might and omnipresence can be imagined which practices a dictatorship until the stateless working comradeship became not only ultimate or idealized, but also practical and governing. In terms of taxation, the two worlds would not only differ in practice, but also can well be altered in the foundation of approach. A fairness and equity of taxes would generally not arise in the second world, but the revisionist road in China or other eastern Europe would be challenged from the needs of institutional adaptation. For the tax planners or offices, ironical is that the paradigm of limited government is never weak nor unprincipled, but robust with structural requirements. A tax should never amount to the level of taking which requires just compensation as a matter of constitution. And as we read, taxation is impacted by the laws and regulations that the federal government generally levies no property tax. Since the Article I., Sec. 9(4) of U.S. Constitution requires apportionment of any direct tax, it is politically difficult because grave injustice between the poor and wealthy states would frequently happen (Mikesell, 2014). Nevertheless, the administrative state turns to reshape the identification of state, in which the tax statutes and regulations are enabling ones that the agency could play to extend its role and responsibility. The government service has expanded into middle areas of public function, such as education, pension and retirement insurance, which deepens the perspective and work roles of public and fiscal offices.

The Criteria and Evaluation of Tax Options

In evaluating the tax system, Mikesell suggested several criteria (i) adequacy of

revenue production (ii) horizontal and vertical equity (iii) economic effects, especially state and local taxes on the development of local economy (iv) collectability (v) tax effect on externalities (2014). The imposition of tax is one of crucial challenges for policy makers and national developers, which was classically addressed by A. Smith. He pointed out four basic maxims which cast insights on the modern administrations, e.g. the 1986 federal tax reform in the Reagan Administration, 1993 Clinton economic plan, the Bush 2001 tax reductions, and design of a tax system for a newly independent nation. His maxim is fairly plain, but principled emphasizing equity, high revenue consequences, simplicity and impliedly economic efficiency effects. Then we can share his thought with Mikesler's. For example, the ideal of transparency in tax options had been alleged by Smith, "The tax which each individual is bound to pay ought to be certain and not arbitrary, the time of payment, the manner of payment, the quantity to be paid ought to be clear....." (2014). Collectability was also highlighted, "Every tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it" (2014). How these criteria are satisfied by a sort of taxes? In other words, how should we view the strengths and weaknesses of tax options according to them? Since the property and sales tax are two most type of taxes, we briefly compare them to answer such inquiries.

Both possess a common strength in terms of adequacy of revenue production, which respects the fiscal sustainability and generational justice leaving no debt for our posterity (2014). The tax bases are considered generally universal and affluent catching the properties and economic transactions as taxable incident or condition. The communist states, as viewed, perhaps impose no property tax, in which the workers do nothing but need to work for their materialistic need as the communist party plans and dictates. A Tiger Mom may plan for the education and schedule for the kids which occurs similarly between the central authority and denizens of communist nation. A property ownership and freedom of economic activity are a great incentive for the liberal economy that we ensure its sanctity as a matter of constitution. But it should surrender to subsidize the service of government, while purist economists view it a kind of transaction cost distorting the order of free market, the kind of necessary evil. As both held two universal realities, the tax bases are large and indiscriminate in contrast with other types of revenue, for example, the user fee or cigarette or gambling revenue. Korean source of news media said that one local government erroneously omitted to impose user fee of river water for the famous beer company, some fatal reprimand for the public officers, and heralded a loss of tax collections amounting to hundreds thousand dollars over the three years. Nevertheless, the loss incurs no serious impact on the revenue generation that it is specific to cap particular actors or businesses. The property tax and sales tax are not such sort, which are a largest basin to raise a revenue.

The equity question asks, "given that a government seeks to raise a specific amount of money, how should the revenue burden be distributed?" Both taxes are fair and equitable since the taxation makes a cause for happy incident or condition. The taxpayers must grin and gladly pay the taxes. One thought, however, also raises a concern of social justice that the sales tax would operate adversely against the less well to do. The economically poor or less affordable should, nevertheless, pay equal rate of tax on the incidents of purchase and sales. They need necessities and common goods to spend their daily lives which burden unfairly not in comport with the morality Smith guided. Since their disposable income certainly is lower, the same tax falls not in proportion to their respective abilities. Nevertheless, the state tends to favor this option since it is most convenient to collect and neutral with less of subjective policy determination. The equity concept available for policy makers arises in two viewpoints, (i) according to tax payer's benefits from usage of the public service (benefits received) (ii) according to tax payers' capabilities to bear the burden (ability to pay) (2014).

In terms of benefit, we may say that the sales tax cannot be seen as inequitable or unfair. We also consider two types of equity, i.e., horizontal and vertical equity, and the US Supreme Court elucidated by explaining that “the **constitutional** requirement is the reasonable attainment of a rough equity in **tax** treatment of similarly situated property owners” (*Allegheny v. Webster County*, 1989). Hence, in the least, horizontal equity would be normatively controlled although vertical equity concerning the different capabilities to pay taxes may be more discretionary.

The economic effects are a crucial point that needs to be deliberated by the designer of tax structures and their administration since tax brings a considerable consequence on the way people and businesses behave (2014). As R. Inman guided, the accounting relationship and economic relationship would go matched to distort the ways of economic behaviors. We may choose a leisure than work when the income taxes are improperly designed, and federal tax reform act of 1986, sought to establish level playing field for fairness and equity among the businesses and individuals who bear the tax burden (2014). In this concern, tax payers need to deliberate the types of property for its various use. The property may be a factory or house devoted to production and vital needs. Then the property tax may be lower in order to be equitable. The externalities may be considered which requires a high rate of tax in the end to prevent pollution and environmental damage. The property tax for rent use might be higher than other uses. It is problematic that the properties idle with no use do not necessarily justify a high tax rate. The sales tax generally is considered to promote the economic activities than other ways of revenue raising since the awareness and feel of purchasers or consumers may not be distinct if they are taxed and it can replace or complement to lower the corporate or income tax. Some argue that the tax policy leading to maximum of economic growth is equitable and fair since it supports a healthy base of social welfare in the long term perspective. However, it equally may be implicating in terms of equity and fairness that the sales tax might be waived for indispensable goods that the local students or aged people gather for one day feast of weekend.

In terms of collectability, both taxes are convenient to keep total collection cost as low as possible, but simple design of taxes may incur the problem of satisfactory equity or economic impact (2014). We would frequently find the trade-offs in this respect. For example, the income tax may increase equity when the tax administrators incorporate various sorts of income, such as interests, dividends, and rent or capital gains into one comprehensive tax system beyond the payrolls of employers. The trade-offs may well be anticipated involving the property and sales tax. The digitalization and other technological arrangement generally facilitate a tax collection and cost reduction in implementing a comprehensive scheme of property and sales tax, which can increase equity and fairness.

The transparency requires elements on the adoption, administration, compliance requirements, and amount of tax burden (2014). Since the due process of law governs, the adoption of tax laws should be transparent that is created in any open legislative process. The administration should be clear and explicit on vested criteria, and must be apparent or received same for the constituents. The tax laws would be difficult to understand and may entail a complicated process of calculation or sophisticated terms. However, compliance requirements advise that they need to be designed for conveying necessary information as easy as most possible. The amount of tax burden and government to which he or she should pay are also a matter of transparency (2014). The concept of transparency is universal to deal with the modern administrations, but it is any most important in the area of tax administration since the aspect and interaction are not provisional, but dispositional to incur a coercive incident on the subjects. Hence, the due process of law is intertwined to address the

requirement of transparency. While the higher tax for the haves assures an equity and fairness, the property or succession tax may enjoy some ceiling impliedly with the constitutional principle. Generally, the principle of transparency complies with the democratic rule, and the social justice or fairness issue will be served if the policy makers faithfully adhere with it. The elected representatives tend to support a tax option favoring a larger number of constituents who may be modest and less well to do normally. In some cases, the conflict of interest arises against rich assemblymen in debating the policy of property tax, which could vitiate a fairness in taxation. Then we may say that the transparency militates against property tax when the fairness issue is concerned involving two types of tax.

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XII. Time-Value Formula and Cost-Benefit Analysis

Scenario 1: Present-Value Calculation

The scenario I was summarized into the following table

Capital Investment of City : Recycling Center	Three Varying Discount Rates	Duration to yield the benefit : Two years and Present Value
Benefits of the Program (Valued at 1,000,000 US dollars)	5 %	1 st year (952.38)
		2 nd year (907.02)
	6%	1 st year (943.39)
		2 nd year (889.99)
	7%	1 st year (934.57)
		2 nd year (873.43)

The completion of present value for each year and varying discount rate was calculated in the following math.

(1+r) time where :

1 =a constant

R = a selected interest rate

Time = a period of time, usually a year

5% and 1st year = \$ 1,000/(1+5%) = 952.38

5% and 2nd year = \$ 1,000/(1+5%)² = 907.02

6% and 1st year = \$1,000/(1+6%) = 943.39

6% and 2nd year=\$ 1,000/(1+6%)² = 889.99

7% and 1st year=\$ 1,000/(1+7%) = 934.57

7% and 2nd year=\$ 1,000/(1+7%)² = 873.43

Discussion

The cost and benefit analysis assumes that the future value will not be identical with that same value of present. It is a reversed concept of “interest earning,” in which we could ensure our old livings by managing the savings account of sum and receiving bank interests to subsidize it. The concept of annuity formula or DCF would share same idea that time is a factor to the business management and especial with the age of finance capitalism (Boardman, Greenberg, Vining, Welmer, 2005). The kind of “interest generation” idea was not welcomed on the Christianity and frugality virtue. It is well known that the kind of Sherlock image, a cruel pawnbroker and merchant of usury, impressed the Mediterranean prosperity of international commerce and that the Calvinism tends to begin evangelizing the virtue on amass of capital and exploitation. At the core of progress, the value of “labor and time” was enshrined, and a zero bank interest now is being talked about by the Koreans while perhaps earlier in the US. The interest rate is any crucial debating point of national economic policy makers, which is pivotal to influence capital and labor. The idea bases the condition of capital budgeting since the initial investment often would be made at present and the benefit would accrue in the future. The second strand would be the concept of “alternatives sacrificed and opportunities adopted.” The capital investment planning explores if the prospective budget is any better than other options, meaning a comparison of present value between the cost and benefit. Hence, the calculation and comparison need to be coherent with a uniform unit of measure based on the present value (2005). Some alternatives may project over ten years while other competing programs may be of three years duration. It would no matter if we have additional alternatives with two years, eight years and so. That is because the present

value of projects or programs would provide same level of comparison involving the cost and benefit and based on their present value. The amount of \$ 1,000,000 above would accrue over project years that should be converted into present value. The interest rate intervenes to discount a future value in the conversion process. The interest rate is thought to be related with the inflation or deflation. If the interest rate is low, consumers like to spend rather than save and the investors or producers may like to invest with cheap loans. The interplay among major economic indicators, however, is dynamic and psychological, which can variegate an expected policy outcome. The interest rate generally means that of central bank, but in some cases, used to denote that of commercial banks. In Korea, the civil code stipulated 5% interest rate as a matter of law that the default of civil damages incurs 5% interest of damages award. For the case of commercial transaction, the Korean commercial code set forth 6% interest implying that the merchants are more agile and the value of money is assumed more productive than normal citizens. The anti-usury statute in Korea, of course, set forth grossly higher interest rate, the violation of which automatically is construed as agreeing on the legal ceiling. In some nations, the interest is considered as unlawful and exploitative that ethically does not accept it, which once had been a factor to forego the clause of interest rate in drafting the UN Convention on the Sales of Goods. The benefit accrued in the end of first year would be valued at \$ 952,380 as shown above if we apply 5 % interest rate. That of second year would be \$ 907,020, meaning that later time to receive lowers the present value. The higher interest rate would decrease the present value of benefit and the capital became relatively expensive as requires to be used more considerably for higher future value.

Scenario 2: Cost-Benefit Analysis

A. The cost factors

1. Purchase of Windmill

Number of Windmills	Per unit Purchase dollars	Total
50	150,000	7,500,000

2. Staff training costs (Each year during three years)

Number of Specialists	Per Unit Cost	Total
10	55,000	550,000

Present Value of Staff Training Costs

$$1^{\text{st}} \text{ year} = 550,000 / (1+5\%) = 523,859.52$$

$$2^{\text{nd}} \text{ year} = 550,000 / (1+5\%)^2 = 490,852.29$$

$$3^{\text{rd}} \text{ year} = 550,000 / (1+5\%)^3 = 475,120.93$$

$$\text{Total} : 1,489,832.74$$

3. Operating and Maintenance Costs (each year during three years)

Number of Windmills	Per Unit Cost	Total
50	35,000	350,000

Present Value of OMC

$$1^{\text{st}} \text{ year} = 350,000 / (1+5\%) = 333,333.33$$

$$2^{\text{nd}} \text{ year} = 350,000 / (1+5\%)^2 = 312,360.55$$

$$3^{\text{rd}} \text{ year} = 350,000 / (1+5\%)^3 = 302,349.68$$

$$\text{Total} 948,043.56$$

4. Cost of Shutting Down (Replacement of Coal Plant) : 1,000,000

5. Increased Labor Cost

$$55 \text{ dollars} \times 10 \times (8 \times 250) + 450 \times 55 - (3 \times 35 \times 8 \times 250) = 11,024,750 - 210,000 = 10,814,750$$

Assuming that the work days are 250 per year and the work hours per day are 8.

$$\text{Annual Average} = 3,604,916$$

Present Value of Increased Labor Cost

$$1^{\text{st}} \text{ year} = 3,604,916 / (1+5\%) = 3,433,253.33$$

$$2^{\text{nd}} \text{ year} = 3,604,916 / (1+5\%)^2 = 3,217,238.73$$

$$3^{\text{rd}} \text{ year} = 3,604,916 / (1+5\%)^3 = 3,114,129.23$$

$$\text{Total} = 9,764,621.29$$

B. Two Benefit Factors

1. Increase of the Quality of Life in dollar amounts

$$1,500 \times 5,000 = 7,500,000$$

$$\text{Annual Average} = 2,500,000$$

Present Value of Life Quality Benefit

$$1^{\text{st}} \text{ year} = 2,500,000 / (1+5\%) = 2,380,952.38$$

$$2^{\text{nd}} \text{ year} = 2,500,000 / (1+5\%)^2 = 2,231,146.80$$

$$3^{\text{rd}} \text{ year} = 2,500,000 / (1+5\%)^3 = 2,159,640.63$$

$$\text{Total} = 6,771,739.81$$

2. Savings Value from the Sierra Club

$$\text{Over three years} = 7,000,000$$

$$\text{Annual Average} = 2,333,333$$

Present Value of Savings Benefit

$$1^{\text{st}} \text{ year} = 2,333,333 / (1+5\%) = 2,222,221.90$$

$$2^{\text{nd}} \text{ year} = 2,333,333 / (1+5\%)^2 = 2,082,403.39$$

$$3^{\text{rd}} \text{ year} = 2,333,333 / (1+5\%)^3 = 2,015,664.30$$

$$\text{Total: } 6,320,289.59$$

$$\text{Total of Present Value for the Public Benefit - B : } 1+2 = 6,771,739.81 + 6,320,289.59 = 13,092,029.40$$

$$\text{Total of Present Value for the Cost -A : } 1+2+3+4+5 = 7,500,000.00 + 1,489,832.74 + 948,043.56 + 1,000,000.00 + 9,764,621.29 = 20,702,497.59$$

Summary Answers

- Cost-Benefit Ratio : $13,092,029.40 / 20,702,497.59 = 0.6323$
- The ratio is negative since it failed to exceed 1, which means the benefit is less than

the cost, assuming that all conditions are leveled equally to compare fairly on the yardstick of present value.

- As we note above, the increased labor cost for decreased productivity and from the coal-burning operation occupies a fair share of investment, the replacement of which can turn our project positive. One other note is that life value may be taken as exceptional from the general numerical basis of cost-benefit analysis. It may compel an option to be selected despite the negative outcome of analysis. In this case, the project can increase the quality of life, and also can prolong the life expectancy of community residents. One may argue that the life exception should be construed narrowly that only includes a negative impact on lives. That may be analogous with usual debate between the negative and positive liberty, in which one may not claim the affords of government although he may claim to protect from public intervention into his liberty and self-dom. The viewpoint is also because the financial capabilities within the levels of government differ. This strict construing may pertain in the judicial process, but we could generally agree that affordable governments may use a life exception affirmatively in case that the project brings an increase of life quality or expectancy. In this stance, we may consider to adopt the Community Windmill Renewable Energy Project despite the negative outcome of cost-benefit analysis.

Some Thoughts on the Cost-Benefit Analysis

In the cost-benefit analysis, we are able to find it useful for capital budgeting. The idea was developed from the private sector, which can be applied to the government or public organization in analogy. In using this idea, traits inherent in the cost-benefit analysis need to be brought into attention.

First, the analysis generally serves the capital budgeting or investment, and less of utility involving one-time purchase of goods or services. Hence, the CBA would take phases of year or even decade to evaluate the merits or efficiency of investment. Often the capital investment would be to construct infrastructure yielding the general and basic public service for constituents, such as railroads, airports, sea ports, and so on

Second, the levels of government may entail different implications while the idea and method are constant. To see, the local governments would and must take it more challenging and considerate than the state or federal governments. As expectable, reasons would lie that (i) the scale of investment would be large and capitals are diverse, (ii) the federal government may be more lenient of debt or its ultimate power to print currency, (iii) the political system or process, a determinative factor in budgeting and investment decision, would not be simple than the local or state governments.

Third, the analysis is especially important since the value of time is crucial in making an investment decision. The finance capitalism now sustains the basics of modern liberal economy which spurs the progress and development of material production. On the while, the criticism pointed out that it poses a serious challenge in terms of market failure or economic contest (Shiller, 2012). The ills of this important contemporary institution may make a significant impact on the players of global economy, but could be said that it would be the kind of central strand to sustain the economic hegemony of US against a rising China. Despite the largest GDP or enormous population China, we still see the US as a center of global capitalism and recognize the leading role of Wall Street. It tends to reinforce and in some sense, overwhelms the industrial capitalism in terms of hierarchy and influence, which is also vindicated in the progress of history (Piketty, 2014).

While the industrial capitalism may hail in the half of last century, the finance

capitalism may profile or exert an influence any saliently since 1945's. The public sector also borrows the concept and idea that time generates an interest. A zero interest rate, now prevailed in Korea and US, may have many implications for the economists and financial planners. Since the time is crucial element, the capital budgeting requires using the time-value formula and applies the idea or skill of calculating the present value of variables.

Fourth, the analysis shows an interesting point of distinction within the practice of private and public organizations. The private organizations are for-profit that there would generally be no factor needing of conversion or any quantifiable translation of public value, often non-monetary one. The nonprofits or government deliver a scope of services that could not normally be measured in concrete monetary unit. Nevertheless, the decision makers practice an assessment and evaluation since the tax monies are precious and sacred. They believe that the political accountability should be ensured between alternatives sacrificed and opportunities to be adopted (Brittain, 2006). Once stated, elected politicians, supervisors and common people generally prefer a quantifiable data or decision chart for elevating and focusing. The CBA in the public organization involves such delicacies about the measurement concept. However, we still see it to be same with the private organizations since the contemporary governments became engaged considerably with the kind of commercial activities. This aspect may be viewed from many disciplines. For example, the traditional notion of jurisprudence dissects the trait of sovereign power and developed such theories, "absolute and restrictive immunity." The fee-based service, such as park and garage station generally requires same mind and principle to be applied in the CBA of capital budgeting. In this case, however, the service often is provided at lower price compared with the similarly assumed private businesses. The second nature of service and capital investment would be more complicated and requires an intangible analysis by measuring the benefit in any applied or superimposing understanding. For example, the purchase of defense system or police device of updated technology could not be measured of its benefit by any quantifiable terms. The construction of highways in earlier stage of developing countries may get immeasurable since its impact generally could be permanent and not of time concerns. An investment to protect for the pleasant environment and against a pollution or damage also would be immeasurable since the benefit could stretch generations after generations. Of course, this view is a matter of extent and in many cases, the present value calculation or CBA incurs this area of fiscal administration (Boardman et al., 2005). Interestingly, the cost side generally always would be obvious of monetary measure. In third, the utility or benefit concept may set back or irrelevant in consideration to launch the public project or capital. This class would be very fewer and attributed as symbolic and margins of political or social sanctity. A construction of the Statue of Liberty in New York city or Eiffel in Paris and enlargement of Washington monument, *Kumsusan* Memorial palace, or *Shrine* of Japanese could be the kind of projects, in which the economic approach would be meaningless or hardly practical. In some cases, the benefit may come double that the symbolic expression of political power and public benefit may be served as we see The Great Wall of China in the state of Qin. It arrogantly exhibits the might of Qin emperor and had also been used to defend against the northern invasion. This symbolic or political forge implies the importance of political process in budgeting and public finance. (Hagen, V., Jürgen & Harden, I.J, 1995).

Fifth, capital budgeting generally connotes the aspect of physical investment that excludes the investment of human resources and planning of governmental departments or bureaus. Although we imagine of human capitals and emphasize an importance of education or acculturation, it is because that the workers, as human, are taken as not amenable to the economic analysis on one hand and can well be simplified with the wage or compensation on the other. A planning of departmental or bureau enlargement can be debated seriously, but

generally would not be predicated on the analysis of capital budgeting.

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XIII. Budget and Capital Investment

A Thread to the Analysis of Capital Investment

My organization is Chosun University, which now explores pay-offs and risks of several capital investment options. The financial condition of organizations is rated a- by one credit agency in Seoul. It indicates that the organization generally is credible, but could be more vulnerable from the market instability and environmental change than other higher ranked institutions. A fiscal challenge for the capital planners is given (i) that major income source from the tuition would be expected to decline from downsizing and decreasing number of students, principally because of the demographic variant in the new millennium (ii) debt of university likely is not threatening because of steady management and general policy of not borrowing. Both factors imply that the fiscal planners have to exert selecting a best option of capital investment through the review among the investment expenditures, pay-offs and risks. The university faces with three alternatives, which include the Hospital Improvements Plan (HIP), Foreign Language Initiative (FLI), and Student Plaza Project (SPP). The basic theory and assumption will be applied to the analysis and evaluation (Boardman, Greenberg, Vining, Welmer, 2005; Brittain, 2006; Mikesell, 2014).

- The CU is non-profit public organization, which requires a distinct budget process. A wide scope of stakeholders is necessary that needs to be incorporated in the strategic budget planning. The benefit may be clear of monetary unit, but in many cases requires an applied assessment to seek a due value of public service. The result of financial analysis generally would be governing that the decision makers almost always select the best profitable investments. That is not a false statement even if the organizations are non-profit in nature. This aspect is especially stressed in the business-competitive environment in Korean universities as well as other public foundations. The extent of profit-focused would also differ depending on the financial condition of public universities. A more affluent university and rich Regent could be more courageous in investing on the public cause than financial gains. CU is the one of largest universities in Korea and traditional along with the national and local senses of hospitality. This creates a belief and standard of investment decision involving the fiscal analysis, but not so prospective fiscal condition over the years and decade until the completion of V2020 strategic plan generally demands any more profitable capital investment. The fiscal planners are motivated to proceed on the investment evaluation and capital budgeting within the history of CU, saying, “As you note, the fiscal crisis or challenge had been uttered every time in history. It was attributed to the reign of Chancellor Lee around early of 1980’s, and had been surmounted from a quantum leave in 1990’s. The present fiscal stress would turn mere a fabric or unfounded nightmare if we are innovative and strategic as well as fiduciary.”
- The annuity formula and the kind of concepts, say, DCF or conversion to compare a present value, shall be applied as noted in CBA.
- The debt aspect needs to be associated if adequate or necessary, that enables to produce a whole picture of expenditure and revenue profile.
- The risk factors have to be considered to prevent from the unexpected loss or failure of investment plan.

Scenario 1 : Students Plaza Project

C. Investment**6. Construction of Buildings (1-2nd year)**

Number of Buildings	Construction Dollars	Total
3	First building : 3,000,0000	6,000,000
	Second building : 2,000,000	
	Third building : 100,000	

7. Staff Payment and Training Costs (Each year during 10 years : 3-12th year)

Number of Staffs	Per Unit Cost	Total (each year)
Full time administration : 1	FTA : 100,000 (each year)	190,000
Part-time employees : 3	Part-time : 90,000 (each year)	

8. Operating and Maintenance Costs (each year during above 10 years)

Number of Buildings	Unit Cost	Total
3	First : 30,000	600,000
	Second : 20,000	
	Third : 10,000	

D. Capital Gains**1. Interest Income of Total Leasehold Deposit (each year during above 10 years)**

Number of Shops	Total Leasehold Deposit	Interest Income Annually
100	10,000,000	300,000 = (10,000,000 x 0.03)

2. Monthly Rent

Number of Shops	Monthly Rent	Time to Run the Project
100	50,000	12 years (12 collections annually)

3. Value of Buildings at the End of Project Period

Number of Buildings	Value in Dollar Amount	Total
3	First building : 1,500,0000	3,000,000
	Second building : 1,000,000	
	Third building : 500,000	

E. Pay-Offs and Risks**1. Interest of Bank Loans**

Loans	Interest Payment Annually	Time to Run the Project
6,000,000	300,000 (6,000,000 x 0.05)	12 years

2. Return of Leasehold Deposit

Number of Shops	Total Leasehold Deposit	Time to Run the Project
100	10,000,000	12 years

3. Insurance Fee

Insurance Type	Annual Insurance Fee	Total
<ul style="list-style-type: none"> ● Insurance against Physical Damage ● Insurance against Legal Claims 	<ul style="list-style-type: none"> ● 6,000 ● 3,000 	9,000

Scenario II : Hospital Improvement Plan

A. Investment

1. Construction of Hospital Complexes

Hospital Complexes	Construction Dollars	Total
<ul style="list-style-type: none"> ● One eight stories building (underground : four) ● Cancer Center/Cardinal Medicine/Spinal Center/Diabetes Clinic/Emergency Room 	8,000,000	8,000,000

2. U-Hospital (Ubiquitous Plan)

Project System	Purchase and Installation Dollars	Total
<ul style="list-style-type: none"> ● EMR ● OCS ● PASS 	<ul style="list-style-type: none"> ● EMR : 1,500,000 ● OCS : 500,000 ● PASS : 100,000 	3,000,000

3. PET-CT investment

PET-CT	Purchase of System	Total
3D Radiation Cancer Treatment	4,000,000	4,000,000

4. Staff Wage and Training Costs

Number of Staffs	Per Unit Wage & Training Costs	Total
<ul style="list-style-type: none"> ● New-hire Needs of Medical Doctors : 20 ● Added Administrative Staffs : 10 	<ul style="list-style-type: none"> ● Medical Doctors : 900,000 ● Added Administrative Staffs : 500,000 	23,000,000 {(900,000 x 20) + (500,000x 10)}

5. Operating and Maintenance Costs

Unit	Annual OMC	Total
<ul style="list-style-type: none"> ● Hospital Complexes ● U-Hospital ● PET-CT Investment 	<ul style="list-style-type: none"> ● Hospital Complexes : 100,000 ● U-Hospital : 50,000 ● PET-CT Investment : 50,000 	200,000

B. Capital Gains

● **Increased Income**

Annual Number of Growth	Per Patient Income Increase	Total Income
<ul style="list-style-type: none"> ● Visitor Patients : 100,000 ● Resident Patients : 30,000 	<ul style="list-style-type: none"> ● Visitor Patients : 50 ● Resident Patients : 100 	8,000,000 (5,000,000 + 3,000,000)

C. Pay-offs and Risks

1. Value of Hospital Complexes at the End of Project Years

Hospital Complexes	Value in Dollar Amount	Total
One eight stories building	3,000,000	3,000,000

D. Risks

1. Interest of Bank Loans

Loans	Interest Payment Annually	Time to Run the Project
8,000,000	400,000 (8,000,000 x 0.05)	12 years

2. Insurance Fee

Insurance Type	Annual Insurance Fee	Total
<ul style="list-style-type: none"> ● Insurance against Physical Damage ● Insurance against Legal Claims 	<ul style="list-style-type: none"> ● 8,000 (Hospital Complexes)/3,000 (U-Hospital)/4,000 (PET-CT) ● 20,000 	35,000

A Summary of Analysis

Among several alternatives, I produced the investment profile of SPP and HIP, which cover the expenditures and payoffs as well as risks. Both projects are assumed to project over 12 years (including two construction and system installation years) and at the end of project year, the fiscal planner reevaluates whether to spend the remodeling or reconstruction cost or if the remaining assets will be appropriated to another use. The calculation had not actually been completed, but assumed to be available in easy way by applying the method of present value conversion. As we learn, the formula would be to discount the future gains or risks and pay-offs by multiplying with (1+ interest rates) for the first year while raising to a higher power in response with each year added. For example, the construction plan will be made complete two years and the payment will be made once at the end of first year requiring to multiply with (1+interest rates). Since the investment will be ready from the beginning of third year, the increased income will accrue initially at the end of third year, which requires a math $\{8,000,000 \times (1 + 0.05)^3\}$ in the HIP. A calculation to convert into the present value will be made consistently to cover the elements of above (2014). The value of investment at the end of project years, for example, should be discounted by multiplying 12 times square of (1+0.05). Then the present value of investment expenditures, pay-offs and risks will be compared with the present value of benefit or capital gains. The risks are assumed to arise in two facets, i.e., physical damage of investments and legal claims in the course of project management. Since the insurance programs became systemic recently, the risk can be brought relatively straightforward by including the annual fee for such two types of insurance. As you note, insurance fee for the second scenario is relatively higher since the medical malpractice would likely be higher factor to bring an insurance liability. As you consider, the leasehold

deposit is not a revenue that should be returned at the end of project year. However, the interest accrued from the deposited money is one source of capital gains. The return of leasehold deposit is viewed a pay-off, which however needs of adjustment on the present value. Since the debt of CU is not challenging and could be fine with the relatively small amount of borrowing, the loan contract can be considered to subsidize a large portion of investment, and the interest payment for the long-term debt could be one source of pay-offs. As you note in the tables, the new-hires of medical doctors require much of investment implying the importance of human capital around the concerns. In analogy, it is same in notion that it is no surprising if the publication company would often begin with potential authors to launch and manage the business plan. Then each project can be compared by subtracting the present values of investment, pay-offs and risks in sum from that of capital gains. The result may be positive or negative, which offers the basis of capital decision making. Other indicators would be helpful that the debt-to-asset ratio may partially affects a consult of decision-making, and that the efficacy ratio produced by dividing the present value of capital gains with that of investment, pay-offs and risks in sum could show how much the investment would be effective to yield the capital gains. Other elements can be included numerically to explain the evaluation process of capital investment or considered rather politically in the Regent meetings or chancellor conference. For example, the student plaza generally raises a public skepticism in Korea that the universities could be made possibly vulgarized and profit-driven (Shiller, 2012). The aspect, in some cases, aggravates that is targeted occasionally by the news coverage. It can affect the capital decision-making and could be assessed numerically from various odds although we can reach a positive decision to invest in terms of quantified analysis. Or such uncertainty of investment decision could simply be assumed and resolved with the debate meetings.

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XIV. Elements of Fiscal Administration: A Case Study of One Local University in South Korea

Mission and Goal of the organization

I chose Chosun University because I worked there as a professor since 2005 (Kim, 2014). I began my teaching job as an associate professor of law, and the university launched a plan to prepare for the law school project. Afterwards, I have served a full-time professorship, and have taught the international, constitutional, and common laws. In 2010, I promoted as a professor and was guaranteed of tenured position. In this backdrop, the university is well known to me. Additionally, Gwang-ju, the local city in which CU is located, is my hometown where I lived until I was ten years old. Eight years of my service is not short that I could properly look into the nature of organization as well as the context of strategic planning process. This allowed me a more intimate research, and I believe that it offers an experimental subject for the organization studies. It generally has common traits as with other non-profit organizations, but there are some points of distinction (2014). CU is a higher education facilities. It is a non-profit organization and has the goal about teaching and research. Their function is to educate the college students and produce a scholarly work to serve the public. CU is a private university, and keenly affiliated with the local community. An academic strength is modest, and the institution is large to have more than 900 instructors and professors. CU, located in the southern part of Korea, is a private institution, and regionally competes with Chun-Nam University. CU is distinctive in that a school policy is liberal (2014).

In terms that we address the general theory of fiscal administration concerning Chosun University, we may be facilitated to look at the CAFR of CU since it tells a lot of information about the nature of organization. Most of all, CU is a higher educational institution characterizing the pattern of revenue, expenditures and the mode of strategies as well as its basic objective (Daniel, 2015). Through the subtitles, we can generally agree that the tuition income provides a major source of revenue and the priorities of capital investment would be addressed by promoting the campus-industry collaboration or technology and innovation-focused project. The CAFR was made accessible to the public which deals with the issue of budget process and audit according to the reporting requirement of laws and school charters. The following is an introductory statement on the CU general budget in which we can be implied of a basic frame of budget in the strategic objective of CU. In Article IV, we are guided that the kind of organizational goals basically is teaching and research-intense as governs the budget process and fiscal planning (Chosun University, 2014).

Figure 1 Some Transcription from the CAFR of CU

The Introductory Statement
Article I: The total budget amount in 2013 fiscal year shall be 248,900, 280 US dollars.
Article II : The details of revenues and expenditures shall be allocated within the following statistical section.
Article III : Basic Profile of Budget Allocation
3. It reflects a downsizing of annual budget to respond with the decline of tuition income and donations due to the economic downturns of nation and shrinking demography.
4. In the end to maximize the efficiency of budget, unnecessary programs or projects shall be closed and priorities shall be given to the productive programs or projects needed of investment and considered strategic to maintain competitiveness or improve the public indexes.
Article IV : Major Strategic Programs and Projects
6. Creation of Research- friendly Environment and Partnership Project with the Industry (Improvement of Performance Assessment).

7. Induction Strategy/Fostering of Creative and Talented Graduates/Employment Rate at Graduation Project.
8. Priorities for Globalization/Foreign Student Project.
9. Capability Building Program/Welfare of University People/Transparency in University Administration
10. Improvement of Teaching Environment/Pleasant and Lovely Campus Zoning

The Ethical Consideration

An ethical issue related with the finance and budget generally tends less prominent in modern public administration. That is, an increasing importance would be agreeable that the leadership or entrepreneurship generally should be founded on ethics and public confidence. This can also be said of financial officer and budget planner, but with some contrast that the sorts and scope of ethical requirement is not so much extensive. The financial officers generally would play an important role in the strategic planning and organizational management (Casey & Seay, 2010). They provide an expertise and knowledge on fiscal discipline and control to the head of organizations, and CEO or head himself would be one of most ultimate financial officers. The issue of ethics might not be salient if we narrow our concern to the financial management or budgeting process. To see, we may require a scope of ethical challenges that the modern leadership should respond with. A racketeering of his public office, sexual misconduct, loyalty and professionalism on fairness concept and equity, faith and diligence to the principal, and even standard of benevolence on gifts and donations and so could be included as ethical virtues. A recent news event, called iceberg challenge, would now become popular that the contemporary leadership considers it to symbolize their course of actions or virtues in terms of public ethics. The ethical issue of leadership, in comprehensive terms, would be vast, trending, and transformative. Nevertheless, we may be more specific if we take it in relation with the financial aspect (Laureate Education, 2008e). It is still interesting that a trite of government ethics was prompted to prevent the thievery of public officers, obviously most naïve with the financial deals or responsibility. A characteristic of ethical issue involving financial management could be stated in several aspects (i) the quality of governments would lead to different manifestations involving violation of ethics (ii) ethical violations would diversify and become sophisticated as corresponds with the evolution of managerial tools and scope of business (iii) public response to counter them would also strengthen its framework and investigation (2010). For example, it has recently been revealed in Russia and China, two leading socialist countries, that the filthy officers under the shield of communist dictatorship could perpetrate a scale of ethical violations for personal gains. It is also notorious that the developmental or under-developing states would be vulnerable of officer's corruption. The high-rank officials would deal to exploit an unlawful profit and prejudice a fair competition for foreign investors and sellers. South Korea in 1960's and 1970's, and the contemporary African states also could provide some of illustrations. The red-tape practices in Latin American states would also be viewed unethical with an implied motive to forge the unlawful transaction fee, which would be only way to expedite some intentional delay to any deserved normality in the administrative process. We once were shocked at the accounting fraud of Enron that the scale of impact is enormous to incur a loss for the tremendous number of investors. Now Korean government explored to restore a justice for the detained entrepreneurs of major enterprises asserting that they should be treated equal to other criminals. The intention of Korean government is fair on the rule of laws that should grant a pardon on the normal standard of government practice. Their crimes are related with the fraudulent accounting and embezzlement to the interest of owners, which would be a pattern of ethical violation continually emerging over the decades in Korea. It is sophisticated and utilized the updated skills of modern accounting that the

KPO (Korean Prosecution Office) established a strategic team to combat the crime of that sort (American Society for Public Administration, 2012). The development of electronic technology also shifts a paradigm change within a pattern of financial crimes and unlawful gains, which also leads to the intensification of counteractive public system by the reform of criminal statute and establishment of taskforce to detect and investigate.

The ethical issues of CU could be raised that two illustrations lead us to the participatory budgeting and new concept of NPE (Rossmann & Shanahan, 2012; 2012). In CU history, C.W. Park is considered to leave a stark wake of transformation in building a comprehensive and reputable local university in senses. He practiced an effective leadership to increase the capabilities and competitiveness of CU while he disregarded a general virtue of management and usurped the limitations and ethics as a university chancellor (Lee, 2006). Upon the breakout of Korean War in 1950, he was elected to the legislature and travelled abroad in long years, which disrupted the university administration. The challenges got worse with 5.16 military coup and the situation of university turned chaotic. Park should resign from the distrust of students and public demonstration as well as court litigation. He came back to regain his groove at the chance of 5.16, and exercised a charismatic leadership without any check and balance process. He virtually privatized the public university to serve his personal gains. His fortune had stopped in 1980 new military coup led by General Chun, but emerged as power again in 1986 (2006). He made himself a cult by fabricating the title of honorary president, and ascribed him as a king of sun. The office of chancellor was filled with his private context of affiliation, no atmosphere as a public office. And one small separate office was used for the university affairs. This chaos had been implied through the successive administrations although we can chart a significant improvement from many minds of democratic leadership thereafter. The implications would be the extent of impact from the management anomaly, long classified as statutory or government control. A CU's struggle to restore to the normal Regent had been hedged that it was even viewed as no ownership university. It is literally emergent and government controlled since the resignation of Park (2006). The government intervention, however, never means a perfect good in terms of ethical consideration, and fraudulent deals could occur in cases (Bailey, 1991). Upon the demise of Park's reign, the introduction of elected chancellorship seemed to reconstruct the spirit and tradition of CU, but one incident has shown its loss of public trust and followership. The trait of CU transformation may compel us to say no ownership university, which implies a dual sense of understanding. It could promote a liberal paradigm of college education on one hand. On the other, the administrative responsibility could be made blurred, which can default on a normal management of university in chances. For example, the performance-based or result-oriented public administration could hardly be present in the circumstances under which CU fell. The key offices would be less attentive and least strategic. They were incline to exercise power, but exerted to avoid a public accountability (Shah, 2008). A financial misconduct could be perpetrated in this aura that the construction project of central library in 2004 was alleged to be falsified by one professor, named K.W. Park (2006). His allegation was later disputed in the court proceedings that it used cheap stone of Chinese origin implying some corruption plot. He also raised a claim that the budget authority misappropriated transferring the wage of clinic professors to the Regent Budget and Accounting. According to the laws and terms of Charter, fifty percents of wage expenses should be transferred to the Academic Budget from the Hospital's. This standard was violated, which made it doubtful if the Regent would falsify to the interest of Regent than the university. According to his comment, he would file a constitutional complaint to reveal the true nature of suspicious dealings in terms of fiscal administration. The controversy was brought to the criminal and constitutional court respectively, which failed to prove any exact

nature of wrongs. He was counteracted by the university management as a wrongful institution of criminal proceedings and defamation. Many professors also supported his allegation to urge a complete investigation, which was the only way to ensure the transparency of fiscal administration and recollect a followership to focus on the world class university project. The interesting development involving this allegation of fiscal fraud is that Park has continued to do solo-picketing at the front of campus (2006). He is one of great minds in CU, who served the role of chairman for the faculty board, and reputable professor in the department of electronic engineering. He continued to petition for the fair disclosure of finance and budget, which was not accepted by the university administration and key fiscal officers. Upon this stalemate, it shocked the campus members that his solo demonstration continued over more than four years and one day weekly during two hours of lunch time. He also was threatened of discharge from his current holding of office. One newspaper reporter interviewed him in his picketing place, "I sacrificed myself to be this audacious and sedulous to protect the honor and reputation of university. This is my way to express a firm conviction over the doubtful administration of budget and accounting. There is no checking mechanism to ensure the transparency of university and fiduciary of the Regent officers. The physical condition of central library now experiences an oxidation process. The stone turns to blot in red color and differences of color are conspicuous. This is because the cheap stone was used and the construction had progressed in the wrong standard..."

The lessons of this ethical controversy can be viewed in several aspects (American Society of Public Administration, 2012). First, the fiscal practice of public university would be influenced very much by the history and tradition of university Regent. While the CU Regent would experience a wake of chaotic impact from internal (Park's dual legacy) and external factors (political and local trait), the professional standard and ethics could be eroded in some extent. Of course, the basic atmosphere and aura of university have been fairly authentic and nationally renowned, which can make it less frequent of such reported misconduct. One other weakness is that the Regent is not affluent in resources and assets, which requires it frugal and plan on the constrained budget. Second, the Regent often is a unique source of ethical violation in terms of fiscal administration in Korea. Many other incidents across the national universities were reported that the owners of Regent had been embroiled to perpetrate the crimes. The case of CU may be mild in this context. That is because the vast of budget and accounting in the colleges and universities would involve a research performance and teaching expense. The income earners and implementers of them are professors, whose ethical standard generally is high. Nevertheless, it is not uncommon in Korea that research professors would be accused of false reporting to appropriate his or her personal gains. Third, the case raises the kind of question why CU had not embodied the participatory budget process (Rossmann & Shanahan, 2012). K.W. Park is a source of critical wisdom to give the advice and consults in planning a budget and audit. He is a former second man in the university and spirited with an enthusiasm for the university transformation. His earnest request, post-incident though, was denied to regret a group of professors. Fourth, fiscal controversies could refresh the strategic process of organization and create a momentum to diagnose the extent of followership. Against the Park's picketing, we can note two types of response from the faculty of university, most important followers for the university leadership. Some professors disfavor his action, ascribing it as one of quandary to disrepute the fame of university. Other professors would be supportive to increase the participatory paradigm of university management.

The Technological Considerations

The digital budget and accounting system was introduced in Jan. 2007, which provides an integrated fiscal information system designed to manage overall national fiscal cycle systemically. The system deals with the accrual of revenue, budget allocation and execution, management of funds and assets of government through the accounting. It was projected in July, 2004, starting with a major profile of project including the program-based budget and accrual basis accounting. Over eight months in 2005, the government completed a long-term plan on the Budget Program Redesign (BPR) and Informatization Strategic Plan (ISP). According to the webpage of d-Brain, another name of DBAS, it has several characteristics (Drucker, 2012).

- Adoption of new finance management ideas
- Redefinition of the coverage of national finance
- Systematically sharing government finance management information
- Securing accountability, transparency, and real-time operability
- Efficient finance management
- Efficient national treasury management
- Clean system which reduces the possibility of corruption

The government initiative received a dual repercussion which is not only acclaimed, but also critiqued. Internationally, the d-Brain system had been benchmarked by Russian government. On 18th, Aug., 2014, high-ranked officers of the Russian treasury department paid a visit to collaborate on sharing of fiscal information, who also would learn the operation of d-Brain during four days stay in Seoul (Park, 2014). MOU between two governments had preceded its visit in Jan., 2013, which offers a basis for the exchange and includes key elements of cooperation, i.e., sharing of operational experience, technological support for the use of fiscal information, and exchange of experts (2012). The Ministry of Strategy and Finance of Korea would hold the opportunity to confer on strengthening the strategy of fiscal information net and accounting system, which would not be limited, but comprehensive over various issues. It also provided an introduction and lesson for the Korean 3.0 policy on public disclosure of fiscal information. The MOU articles and term period would be discussed to increase its effect with more inclusions and revision. Other glorious news for this initiative is that it was awarded with the UN grand prize on the public administration, specifically in the field of informatization (Park, 2014). The prize was to recognize an improvement of performance to increase the public access within each national government. On the other hand, we can note a critical response from the national assembly pointing out major flaws and weaknesses of system. For example, the regular session found that a security level was defaulted with 127 being acceptable, 52 % of 244 check-points at total, which failed to satisfy the standard of nation cyber-security manual. The project went to bidding in which one consortium was successful for the contract amount of 57.12 million dollars. The project company is of domestic basis, whose point contributed to enable the award of UN prize. In effect, it might bring an odd of technological failure given the level of domestic information technology. The session illustrated several of incidents to cripple the system operation within the branches of government.

Figure 2 Facts 2007 from the National Assembly

Date	Reported Defaults
Jan. 2, 2007	<ul style="list-style-type: none"> ● Default of Tax Payment in several commercial banks ● The banks alleged the miscarriage of

	government which was disputed by it
Feb. 1, 2007	<ul style="list-style-type: none"> ● Errors of system to disable the wage computation in the supreme court
Sept. 7, 2007	<ul style="list-style-type: none"> ● Expenditure computation failed to yield a false payment of wages at tremendous dollar amounts

Despite a split in view of its strength, the d-brain actually proves highly convenient which corresponds with the ideals of public administration as secures accountability, transparency and real-time operability (Kavanagh, Ruggini, Na, Kinney, Kreklow, Greiner, & Stewart, 2006; Laureate Education, 2008e; Pinteá, 2014). The public and private universities would be required or encouraged that they will be incorporated into such d-Brain type of electronic budget system. One project toward the uniform system of school administration among 39 public universities had been launched in Jan. 2015, and the orientation session was held in Chung-Nam University. The project will begin to search a project company, which will spend 40 million US dollars for the entire project. It was planned to begin in 2013, but the fiscal crisis forced to defer an initial plan. The project pursues the goals to improve the management efficiency and fiscal transparency by incorporating an area of university administration, i.e., budget and finance, accounting, personnel, wage and salary management, campus and industry programs, research, and task management, into one electronic system (Afonso, 2014).

The kind of initiative would be spawned with a draft plan by the DOE (Department of Education) in 2006, which will trigger the spread of system over all levels of educational institutions and cover the national, public and private schools (2006). The project was entitled with the IDILE (Innovative Digital Initiative of Local Education), which was ambitious, but now in some delay actually. It is probable that comes sooner, necessitating a preparation to revise and adjustments of CU's current budget and accounting practice. An impact to invest the new budget and accounting system would likely be enormous that can bring a positive effect and challenges. The IDILE basically would be directed to achieve two important goals (i) the operation of local educational service will be reshaped with a focus of work and responsibility (ii) report, school documents and files will be administered systemically and under the central control (iii) the client and performance-based management (iv) unit-based budget and integrated system of fiscal administration (v) cost-effective budget process (vi) ultimately accountability and transparency of school administration (Shah, 2008). The vantage points of IDILE strategic planning would require accomplishing several major tasks and performances. First, the paradigm should be accorded with the direction of President which requires building the work system, flow and manual. The performance should be fed back to compare with planned activities and result (2014). One-stop administrations are required to enable the cost reduction and to prevent redundancy. Second, the strategic outcome envisages a paradigm change from the inefficient educational investment to the trustworthy one, which requires to obligate a public disclosure of over 10 thousand schools' fiscal operation. Third, the common practice and standard need to be built for the types of educational institutions which are based on the double entry accounting and one-stop solution. Fourth, adaptable statistical database will be built by utilizing the existing NEIS, which brings a time saving and effective statistical work. Fifth, the performance-based fiscal administration shall be embedded to replace the traditional understanding of ownership budget and finance. In the end of decentralized local education, the automated system to deal with the budget and finance shall be completed. The budget document and public service shall be matched easily to the convenience of users and stakeholders, which requires a documentary comport of two separate deals. Sixth, any feasible transfer or support system

will be explored in consideration of fair local distribution and on the basis of NEIS statistics.

The advantages will be expected involving major stake or interest holders (2006; Rossmann, & Shanahan, 2012). For the Department of Education, benefits arise (i) that the uniform fiscal balance for local educations can be complied and managed, which will be the basis to measure performance and feedback (ii) the cost calculation and comparison among the 16 local educational units will be made available for the assessment of revenue trend and appropriateness of government financial assistance (iii) the fund flows, program information, statistical analysis service will be made to notation for policy making and enhancement of public service. For the educational districts, the hand work of accounting will be automated, which enables to allow more time in evaluation and other analytical work for the accounting and its feedback (ii) calculation of unit cost and its comparison for the programs and projects within the branches and offices shall allow the performance-based allocation of resources (iii) the fund flows, program information, statistical analysis shall be made to notation for the performance of educational service. For the schools, (i) the transparency of school's fiscal operation will be enhanced by illuminating the accounting reality of units; (ii) the finance and budget of schools shall be facilitated through the accrual-based accounting and double entry booking. For the nationals, the educational information shall be made universal which is used to contest the transparency and to obtain the details of information for the children.

Despite expectations for the positive impact, some critiques show a skepticism if the ILIDE would be such a best solution for the haphazard budget and finance practice of Korean universities including CU.

First, is it proper to spend enormous dollar amount of tax monies to develop the big and uniform scale of electronic system? The private universities, for example, CU, would be required to destroy all the big data compiled over decades within its independent data storage system. The excess work will accrue to enlist the existing compilation of information into new electronic system.

Second, is the suggested system complete and perfect and how much additional expenses are needed to maintain a quality satisfying the need of clients? The initial stage of system for the beginning years is reported to generate many flaws and errors, which requires an additional consumption of resources to burden on a fiscal balance. Third, is the system sustainable for any long period of time, which requires considering an attrition and economic efficacy?

The Applicable Laws, Regulations and Policies

The financial officers perform their role within the boundary of laws, regulations and policies, which impact the organizations' financial operations (Laureate Education, 2008d). The context, however, differs depending on the types of organizations. As per three major classes, the government budget process is most law-bound that a myriad of laws, i.e., constitution, statute, treaty, regulations, state and local laws would impact as authority and limitations (*Allegheny v. Webster County*, 1989; Gillette, 2012; Ok and Koo, 2012). Hence, it is not correct that the financial officers would be responsible to know the financial laws although a field officer might be so gone, but only with that special expertise. Hence, we have to exercise a perception and understanding inquiring what services the branches or units of government would provide and on what ground as well as how it would. Simply, the federal government would not spend much on the police or prison system since the eleventh amendment would effect (Sorens, 2011). The provisions of statute announced as unconstitutional and as repugnant to the constitution could not be implemented although they may have worked over the decades as enabling ground to spend and been placed in the items of unit budget. Hence, the hierarchy of various norms and judicial decisions would also be

one source that the fiscal administrator has to have an awareness (Kraemer, M. et al, 2012; *McCulloch v. Maryland*, 1819). The regulations would also offer the ground and simultaneously operate as limitations that they would respect in carrying their professional duty. The policies of government would also impact the structure and details of budget that could be malleable than laws. However, the grand scale of policy, for example, a presidential promise in the election campaign, would exercise even more influence and could bring a structural change in the existing frame of budgets. A small scale of policies could be negotiated or contended in the strategic planning process in which the budget and finance would perhaps be a most hyperbole in practical impact and among the interested parties. At least, however, it is required that the policies of government need to convert into any binding laws in order to bind the financial planners. Otherwise, the policies often can be viewed as suggestive or instructive, though powerful, and spelled into a complicated and deep maze of bureaucracy as submissive to the province of sagacity other than obligation, as we recall the strategic cycle of organization and possible feud between elected officials and career fiscal staffs, to resolve the allocation of resources. That is a general tenet between the law and policies involving a budget and financial issue, but in practical consequence, the policies could influence much more for various possibilities. For example, the line authority would be a vast factor to orient the fiscal profile of units and branches. In some cases, political officer appointed by the White House could impose a sweeping effect to revolutionize the budget and finance of organizations, for example, in the cause of conservative theme of government (Beamer, 2000). This narrative could be applied to the public organizations, which, however, differs at extent. The scope of laws applicable to public organizations other than government generally are exceptional than principled. While we see the rule of laws as pivotal for modern democratic governments, the idea would not be stretched into public organizations. We may countenance some exceptional cases, for example, the admission policy of public universities and permissibility of affirmative action, in which they would be deemed a government body to respect the equal protection of laws. And the state action theory would enlarge the applicability of Constitution to big private enterprises and influential non-governmental bodies. While the applicable laws would not be abundant, the regulations and policies could also be specially narrowed to serve the objective of organizations (Chun, 2006). Generally we would not be incorrect with three groups to impact the organizations' financial operations. The first group would be an enabling norm on which the government and public organizations would perform its objective and mission. The Constitution, statute, state and local laws, as well as regulations would generally entail this quality to grant the basis that they operate and function. For example, the Department of Defense could provide a public service of national security as grounded on the constitutional provisions and relevant statutes. The second group would be a direct authority to exercise the financial power, such as taxing, laws on budget process, accounting laws, organizing act of GAO, and others. Given that the first group would relate with service provision, the second group would trigger the control of fiscal authority and regulate the national or state standard of fiscal discipline. While the first group has generated the budget paradigm of provision-based allocation of resources, the second group would work with new concepts of budgeting, program and performance-based budget and operation. The third group would be the kind of policies and organizational missions or strategy which is soft and flexible, but autonomous and to adapt with the environmental change. This dimension, however, imposes more challenges on the organization in sensibility since the laws are external factors so as to submit and respect. However, the kind of policies and strategies generally are internal in terms of organizational management that they should be a creator and responsible in whole. The fourth group is the charter of public organization, which defines the scope and limitations of organizational

activities. For example, the School Charter would regulate that the organization could not act on some scope of commercial activities. According to the categories, I may choose several laws and regulations as well as the Charter of CU which impacts on the financial operations.

As the CU is responsible for the supervision of government as a matter of law, the commandment of government constitutes the external conditions that the budget planner has to abide by. The letter of commandment from the Education Department (LCED) and School District of Locale in the 2010 fiscal year illustrates the action and requirements that should be incorporated in the budget and financial operations. The LCED was delivered in response with the revision of relevant laws in past years, and the commandment should be enforced from Jan. 1, 2010. The basic principles were declared that should be respected in the budget process and financial decision on the allocation of resources and fund raising (Hagen, Jürgen and Harden, 1995). Those should be upheld through the preparation of CAFR, which were summarized in the below box.

Figure 3 Key Messages of LCED

The Basic Principles of Budget Allocation	
A.	The budget allocation shall be governed in the purpose of increasing the autonomy and efficiency of school units operation and in fulfillment of educational objective
B.	The budget process shall reflect the interest and participation of teachers and staffs and ensure a substantial examination of school operations committee
C.	The priority of allocation should be given to the direct educational expense and the administrative fees would come in next order.
D.	The transparency of finance and budget shall be preserved with the public disclosure to the parents, teachers and staffs.
A Focus of Examination on the Budget Approval	
A.	Beyond the importance of numerical accuracy and unit cost, the focus shall be given to the reasonableness in allocation of resources, which can facilitate an effective performance of education and school objectives related with the school strategic plan
B.	A focus of examinations shall concern that the key priorities of school or educational needs between the teachers and students are to be fully addressed.

Perhaps the Act of Private School is the kind of original legislation to govern the fiscal administration of CU any comprehensively. Several key provisions would be applicable to the budget and finance of CU, which impacts structurally the budget elements, formality and process. Let me outline several clauses to affect the fiscal discipline and budgetary decision-making. In the Art. 6, the Act provides the grounds and limitations of school-financed operations of business. The Regent can manage a for-profit business at its account and risk under the conditions that such management shall not disrupt the educational objective and performance. In case that the Regent decides to do so, the Regent shall instantly publish the following information (i) the title of business and principal place of business (ii) the sorts of business (iii) equity amount of business operation (iii) the name and address of business representative (v) the time of beginning and its duration (vi) miscellaneous. A formal requirement was set forth that the annual accounting for the for-profit business shall be reported separately from the Academic and Regent ones (Chosun University, 2014). One other article pertinent to the budget process shall be concerned of reporting requirement of asset transfers (Laureate Education, 2008d). According to the Art. 8.2, the Regent shall file a report with the District Office at earliest possible time with the credentials of public registry and statements of bank and financial institutions, which shall prove the transfer of assets. According to Art. 28, the Regent shall seek a permission from the District Office in case that it intends to sell, grant, exchange, devote to different use, or mortgage, the equity assets and

raises a debt and obligations. The Art. 29 deals with the budget and accounting practice of schools. In the Cl. 1, the budget and accounting shall be prepared in two classes, i.e. Academic and Regent. The Academic Budget only can include the budget of university hospitals besides that of education. The Education Budget is divided into the tuition and non-tuition accounting, and the revenues and expenditures shall be accorded with the presidential regulation (Chosun University, 2014). A tuition and other student fees shall constitute the income of education budget and must be managed in separate accounts. The Regent Budget shall include two sections, i.e., general service and for-profit business. The Academic Budget shall be prepared under the responsibility of school chief administrator. One noteworthy provision is that the universities shall seek the review and approval of the Tuition Evaluation Commission. Art. 30 provides that the fiscal year shall accord with the academic year of schools. The Regent also shall comply with the requirements of provision, such as the budget preparation, reporting of annual audit and accounting, use of outside auditors, due placement of financial statements, reserves and transfers of account. The requirements provided by the statute and regulations generally had literally transcribed into the Charter of CU (2014). Lastly, let us see part of financial aspect of strategic plan titled V 2020, which impacts significantly the budget and financial process in the 2010's. The followings would show part of the evaluation criteria in implementing a downsizing strategy, which concerns the education cost of departments, enrollment ratio, employment rate and research performance. The departments performing poorly on these criteria will be implemented of measures specified in the V 2020 (Kim, 2014).

① EDUCATION COST (20%) : RATIO FROM TOTAL EDUCATION COST / TUITION EARNINGS

- Bursar Account : (Faculty Salary + Operation cost + Research & Student Expense) - {Income Related Expense + Other Expense Unrelated with Education Cost (Interest Payment/Miscellaneous)}
- Excluded From Education Cost
 - Income Related Expense
 - Financial Support In International Programs
 - Accrued From Campus-Industry Project
 - Other Unrelated Expense

② ENROLLMENT RATIO OF STUDENT (30%) : ENROLLED STUDENTS/STUDENT QUOTA x 100

③ EMPLOYMENT RATE (30%) : INFORMATION FROM HEALTH INSURANCE DATA BASE AVAILABEL FROM PUBLIC DISCLOSURE RECORD

- Employment Rate on the Data Base of National Health Insurance

Employed/{Graduates-(Graduate School + Military + Disabled + Outside Insurance Policy + Study Abroad)} x 100

④ RESEARCH OUTPUT (20%) : PER CAPITA RESEARCH PERFORMANCE POINT FROM THE CAMPUS RECORD

- Number of Full Time Faculty (a)
- Total Research Performance Point (b)
- Per Capita Research Performance Point (b/a)

The Internal Factors and Budget Process

In consideration of internal factors within the budget process, we may find two aspects as stark that should be looked into, say, some distinct context of stakeholders involving a policy making and administration as well as the shrinking revenue forecast. The budget process provides a medium to determine the allocation of resources and finance, i.e. on what basis it should be spent for such programs or projects and how the funds and resources would be financed. It includes an important strategic aspect through which the organization shall spend money for activity X instead of activity Y (Mikesell, 2014). The markets would be a best umpire about spending of resources which is not feasible for the public goods. Generally the budget process of government would be dominated by the elected politicians, and the kind of amalgam that was generated in mixed influence from politicians and expert administrators. The context would be variegated a little across the public organizations since they have politics or elected representatives in true sense. Hence, they often set forth their own charter and organizational regulations to govern the budget process. In this case, the head of organizations and some collective body, normally called council or commission, would play an important role to steer the budget process. That is rather a cadre type of decision making process in contrast with the participatory or democratic model. This would be obvious if we imagine the corporate budget decision-making and governmental process. There would be neither shareholders nor association of taxpayers in vast of public organizations, who play a role of Civil Watch to make budget process participatory and democratic (2011). Nevertheless, the kind of general virtues would not be others, but some elements that constructed the present belief system in the CU. They would have a worship of campus democracy and practice a general election for the chancellorship of university. The current dilemma involving the posting of deans in each college has simply demonstrated a power of tradition. The current chancellor recently wished to reframe the method of electing a dean, who should be chosen by the Chancellor from the pool of applicants with a developmental vision and management philosophy. This new method differs from the departmental election and appointment of chancellor. This plan was confronted and censured by the faculty board that frustrated the idea of Chancellor. This power game teetered a month between the campus administration and faculty board, which shows the democratic tradition would factor importantly an important decision of campus, of course, including the financial decision-making and budget process. Let me show an extended scope of stakeholders in terms of general theory on organizational strategy. By utilizing the “Power v. Interest” and “Power v. Support” grids, I identified several of key stakeholder groups. The scope of key stakeholders listed below is never exhaustive, but selective to explain a major profile on the ground of power, interest, and their position about the plan (Kim, 2014).

- Students of CU
- Professors and Lecturers
- CU Chancellor and Key Officers

- The Gwang-ju Community
- Chosun University
- Other National Universities
- Chon Nam National University
- National and Local Government
- Parents of CU and High School students

However, it would be proper to state that most of stakeholders would not directly be related with the budget process and that the CU members only, i.e., administrators, students and faculty, could be participatory to the core of fiscal discipline and financial decision making (Hagen, Jürgen and Harden, 1995). This generally proves the scope of elements that the financial and budget issues are of closed, confidential, crucial, substantial nature than the normal area of strategic planning. However, we also have an awareness that both are not separable and constitute a vertebrate of strategic process. Given two groups being powerful to govern the process, it also should be noted that the cadre type decision making other than participatory or democratic would generally prevail even here in CU since the budget process is highly professionalized and submissive to the accounting expertise (Government Finance Officers Association, 2014). One other trait is that the local universities in Korea face with not only multiple, but also fundamental challenges for the finance and budgeting in the coming decades. The quest and public campaign for affordable tuition also would strike the springs of nation over the past years. The decline of new millennials brings the need of restructuring in the face of less college applicants. The forecast of revenue sources would certainly reveal that the financial conditions would get highly murky. Hence, the trait of budget process in the CU would be viewed in three basics (i) most of all, the cadre type of decision making would dominate the process like other public organizations in which the key administrators including financial officers would provide a leadership and take a steer of deciding major issues of budget allocations (ii) the faculty board would voice their interests and keep toned with the academic requirements (iii) the students group would raise their position and interests in operating the budget process particularly because the tuition is most important source of revenues (iv) the labor union is modest in power and influence as similar to other public organizations. For the non-professorial staffs and downsizing, the expenditure profile gradually turns improved with the compromise of furlough and paid retirement (Daniel, 2015). In the process of compromise and implementation of downsizing strategy, the labor union has shown a progressive stance and less resilient with the love and affection of his workplace. This would not be certain of faculty restructuring while the university often pledges to ensure the status of professors (Urban Institute, 2010).

Table 1. Youths Generation and Number of Applicants/Acceptance Rate.

Year	Y.Gen. (18 years old)	Local High School Gradu ates	Seoul Area		C=(A- B)		Chon Nam Univ.(D)		E=C-D		Oth er Are a (F)		H=E-F-G	
			Mo ve (no.)	M. Rati o	Room 1	Q uo ta	M. rat io	Room 2	Room 3	No . Ap pl.	Acce pt. Rate			
201	48,344	465,76	5,6	12%	41,152	3,4	7%	37,6	81	1403	17,	3.7		

2			11			60		92	%		73	
											6	
2020	35,659	34,523	5,611	13%	28,912	3,460	10%	25,452	74%	1036	10,719	2.2
2030	25,978	25,128	5,611	22%	19,517	3,460	14%	16,057	64%	754	5,333	1.1

The revenue forecast for the next fifteen years is obviously devastating as the table shows (Kim, 2014). The youth generation above 18 years will steadily decline at remarkable rate since the Korean households in the new millennium would not have a baby or only one and two children (2014). The government launched many public programs and provided a financial incentive that would make no cure of the baby policies. The OECD statistics show Korea is last in the birth rate among the global states, 1.1 per household, which directly impacts on the diminution of tuition income and small class size or restructuring as well as a downsizing of colleges and departments. While the educational level and parental expectation are high, most youths above 19 years old would be local high school graduates. Among them, some quality of graduates with high GPAs and upper tier of Korean SAT would prefer the colleges and universities in Seoul, who likely will move. The remaining students would be better to assume that they will apply for Chon-Nam University since the tuition is cheaper, the programs are considered more rigorous, and academic credentials are higher than the CU. Then the number of applicants available for the CU would be second last in column that only 5,333 compete for the 5,000 position accounting for 1.1 times higher than the expected admits (2014). This shrinking picture casts a challenging financial consequence. For example, in order to hold the accepted students, the university needs to provide an incentive and stipends as well as welfare programs, such as free dormitory use and other well-being arrangement (Konrai, 1979). Under these financial conditions, the competitiveness and cost-effective management are fatally demanded.

The CU may operate the scope of for-profit business to finance the needs of budget, which is limited, however, as a matter of law and CU charter.

Figure 4 Sorts of for-profit business

- Mining
- Fisheries/Agriculture
- Manufacturing/Construction
- Machinery/Plant Construction and Sales
- Cement/Ceramics/Sales of Related Product
- Realty
- Loans and Finance
- Stock Investment
- Hospitals

Figure 5 Reporting and Public disclosure

- The fiscal year of Regent shall begin Mar. 1 through the last day of next February
- The Regent shall report and disclose to the public the annual budget and accounting, in which the Budget shall be done before five days of beginning date of each fiscal year and the Accounting shall be done within three months upon the last date of fiscal year
- The versions of addition and correction shall be reported and disclosed to the public within fifteen days upon its completed preparation
- The public disclosure of annual budget shall be made with two separate versions covering the Regent and Academics within five days of beginning dated of each fiscal year and through the

- public website of Chosun University, which shall be held more than one year period.
- The public disclosure of annual accounting shall be made with two separate versions covering the Regent and Academics within three months upon the last date of fiscal year and through the public website of Chosun University, which shall be held more than one year period.

The Cost and Benefit Analysis

The cost and benefit analysis involves the high expense projects that three important process occurs normally, i.e., planning, evaluation of alternatives and financing. Since it requires a planning, the process is impacted by the political clout of nation, state, and local community. The civil monitor group also interacts to promote or demote the capital investment that local residents disfavor new incineration facilities near the residential zone. The environmental activists would censure on the issues of nuclear waste facilities and new constructions. A concerned local people associated with the environmental leadership would protest and do picketing to demonstrate their cause against the construction of navy base in Jeju Island. The process and controversies may eventuate in the kind of NIMBY, which is because the capital investment of physical infrastructure involves an issue of loci and quality life in contest of its public utility (Boardman, Greenberg, Vining, Welmer, 2005). The life issue generally enjoys as paramount and more in public emphasis which affects the normal assessment of cost-benefit analysis. This belief and recognition simply guides to hint on the use of cost-benefit analysis in the public sector. While the life and limb enters the preamble of United States Constitution, it has centuries-long been an ideal and the fundamental commandment dividing the public cause and hegemony of citizenry. The liberty and property interest follows a life value, which was hyped with the concept of “general welfare” and offers a scaffold for the government and the class of public officers. OECD publishes regularly the average expectancy of life which shows a stark difference from the age of 17th, 18th and earlier centuries. Such mightier King in Korea, Sejo, around 14th century only lived until 52 years, and many Kings of Lee dynasty lived 30’s and 40’s. Now the common people can live such longer as 78 for male births and 84 for female births in Korea according to the 2014 statistics. More advanced countries would come a little more in this concern. This distinct contrast over the progress of history and in terms of average life span may speak eloquently for the virtue of popular democracy and coincidental forge of scientific advancement. Without democracy and freedom of expression, we can hardly expect that the modern science could be grounded or benefit the community in general. This tangible transformation might be one as exemplary, but could interconnect vastly with and in mosaics of public and social institutions. Now we consider the legitimacy of execution for the sentenced prisoners who is 70 in his IQs. Without the information from adjacent sciences, the kind of court rules involving the death penalty and constitutional justification of execution involving the minors or mentally defected criminals would be weak and could be intuitive. This aspect is elevated as a principle and enshrined in the APA that the public officers would create the rule and implement the policies based on the science and evidence besides the laws and statutes. The cost and benefit analysis in the public organizations require of wise administrators, who gladly glean the knowledge and discoveries from the world of science and utilize it to base his implementation (2005). This professional process is any more important and somewhat distinct from the same of for-profit organizations because the monetary unit of analysis often would not be easy and the benefit of public service likely would be intangible. As we expect, this quality of professional public administrators and similar kinds of social elite, such as lawyers, priests, journalists and so, would be seen in different ethos and ethical dimension. They may be required of character and fitness, and military officers may be called of loyalty and spirit of sacrifice. They are expected of higher

extent in terms of professional morality and conscience, which may be tradeoffs with the tangible monetary relations. Their professional equipment may be required of broad exposure to the science while business managers may be driven to business theories and practice. Of course, we may equally see that the successful CEOs and ranked business managers may often approach as a knowledgeable humanist and preach to cultivate the human resources. It is also true that a new concept of benevolent capitalism breed them to be any social man of justice. Nevertheless, the delicacies in extent and ethos would hardly be denied among the public and private leadership. The cost and benefit analysis often will show such subtleties practically and involving the process of capital budgeting (2005). The CU is a non-profit public organization whose principal mission to the society is to breed the competent and quality of graduates and produce the public knowledge by performing a research. The benefit of service generally would be intangible needing of conversion and translation into any quantifiable terms. In some cases, the benefit of service may be measured more easily on the basis of tuition income and use charges, but in no less than cases, the process requires sublime pondering to recognize its benefit. In formality, the performance and program-based budgeting may be prepared which would more likely be impressed by the benefit and utility. Hence, the capital investment may less likely be interchangeable of traditional budgeting concept, called unit-based. Once Korean government launched such largest project, what is called the Incheon International Airport Project, which is illustrated as one of typical project financing by trade professors. In this case, it is stupid that the government will print currency or issue the bonds to finance the project since it increases a public debt and can bring a rate of inflation. One bank is incapable of financing to fund all investment outlays that the consortium of international banks was associated to loan. No assets or realties would normally be available for such sizeable loans that the project itself would be a guarantee for the banks to secure the returns of principal and agreed rate of interests. Even the separation of legal accountability will be schemed to create the paper company that the genuine project host can sever from any responsibility on defaults and civil damages. The project has been successful and gave us a wisdom, mosaic of system and cooperation, which ultimately groped for the horizon of profitable and useful capital investment. Since the CU is intrinsic of mission and limited budget size, this kind of extended capital budgeting is generally unnecessary, but it may learn the ideas and wisdom to address the challenges of capital budgeting (Chosun University, 2014). For example, the project may be launched in the form of consortium as we explored the common fiscal administration among public universities in Korea. The CU would use the cost and benefit analysis in bidding for the Approval-Based Law School (ABLS), which is considered strategic to maintain the national reputation of university (Kim, 2014). It was one important process of capital investment around early millennium years which required an amount of spending and unfortunately turned out unsuccessful in 2007. Now some of professors recruited in 2005 as part of law school project and facilities invested are still used as a valuable resource for the law department, of course, not new approved law school. In this experience, we can find a lesson (i) that the capital investment may be projected pending on the external authority and their decision (ii) the failure of investment may transform the shape of initial planning, allow the alternative use, and desist of financing (iv) the college and university project or capital budgeting are multifaceted and delicate in analysis since the stakeholders are not simple unlike the government's case. The CU Law now develops and practices a changed paradigm of legal education in the hope for more effective law department. The professors and facilities raised from the project are effectively devoted to that new strategic goal (Brittain, 2006). The finance to cover the higher wage of law professors and other expenditures to maintain the national standard is not necessary that the fiscal balance relatively would be an easy goal

ironically for our failed case. The stakeholders in law school project are mainly the university itself and department of law, the current or prospective students as well as parents also hold an interest. The local citizens and law professors also can be grouped into the category of stakeholders, which differs from the capital budgeting of government since the citizenry of general nature would often be a sole factor after all in the case of government. Although the capital investments assume a continuous cycle of reappraisal and reevaluation of project proposals, the CU Law dropped it since it is now common in Korea that the successful law schools now incur a high expense of annual budget and burden on the overall expenditure profile of university (Daniel, 2015). This means that the CU Law turns on different strategy although the temporal audit of government and scheme of restructuring may provide a slim hope for entrance into the group of approved and graduate-based law schools. The assessment will be limited from 2004 through 2007. That is because the announcement of government to turn on the ABLs became official in 2004 and the decision of approval was released publicly in 2007. The success and failure had a turnout in 2007, and follow-up analysis depending on the result had been conducted at that time. That is also because that the law school project is an indispensable strategy of university and the agreement of stakeholders was determinate to pursue the project as making the alternative-based approach meaningless (Bizzer Professional Training, 1999).

In the planning process around 2004, the following has been agreed upon.

1. Land is already owned. The construction of sizeable and new scene of law buildings requires 1 million US dollars over two years. It was paid in the beginning of each year at three times.
2. New professors will be hired with the license to practice law since the new statute of ABLs requires more than five of such professors besides the academic degree of law at doctorate level. The plan triggered seven reputable practitioners who are competent to teach law over the three years. The cost of contact and annual salary for three years will be 0.1 US dollars in each year.
3. The law library will be remodeled at the expense of \$ 500,000 and two library staffs will be trained. The loss of productive hours while in training will be \$ 20,000 for each of four workers.
4. The annual operating and maintenance costs of new facilities including the law library in the three-year period will be \$ 30 per square meters, and the whole space of facilities amounts to 2,000 square meters.
5. There will be decrease of tuition income since the number of students will sharply decline although the rate of charge will be escalated. The annual loss of tuition income is assessed at \$ 300,000 for three years.
6. The benefit from the investment of law school project mainly is related with the reputation of university. One source was hired to translate its impact as a monetary value. The brand value of university will increase (i) the donations will increase at \$ 4,000,000 annually (ii) the for-profit businesses managed by the university will turn more affluent with a profit generation at \$ 3,000,000 (iii) the government's view will improve to provide incentives and priorities, which can effect at \$ 5,000,000 financially. The cost of service to hire the source, one local consulting firm, is paid and the amount is \$ 100,000.

F. The Cost Factors

9. Construction of Law buildings

Year	Annual construction cost	Total
1 st year (2003)	\$ 300,000	\$ 1,000,000
2 nd year (2004)	\$ 350,000	
3 rd year (2006)	\$ 350,000	

Present Value of Annual Construction Cost

1st year : $300,000/(1+5\%)$

2nd year: $350,000/(1+5\%)^2$
 3rd year : $350,000/(1+5\%)^3$

10. Cost of contact and Annual Salary

Number of Newly-Hired	Per Unit Cost	Total
7	100,000	700,000

Present Value

1st year: $700,000/(1+5\%)$
 2nd year: $700,000/(1+5\%)^2$
 3rd year: $700,000/(1+5\%)^3$

11. Staff training costs (Each year during three years)

Number of Library Staffs	Per Unit Cost	Total
4	20,000	80,000

Present Value of Staff Training Costs

1st year: $80,000/(1+5\%)$
 2nd year: $80,000/(1+5\%)^2$
 3rd year: $80,000/(1+5\%)^3$

12. Operating and Maintenance Costs (each year during three years)

Size of Space	Per Unit Cost	Total
2,000	30	60,000

Present Value of OMC

1st year: $60,000/(1+5\%)$
 2nd year: $60,000/(1+5\%)^2$
 3rd year: $60,000/(1+5\%)^3$

13. Remodeling Cost of Law Library : \$ 50,000

14. Decreased Tuition Income : \$ 300,000

Present Value of Decreased Income

1st year: $300,000/(1+5\%) =$
 2nd year: $300,000/(1+5\%)^2 =$
 3rd year: $300,000/(1+5\%)^3 =$

15. Consulting fee : \$ 100,000

G. Benefit Factors

Benefit Factors	Dollar Amount Annually	Total
Increased Donations	\$ 4,000,000	\$ 1,200,000
Incentives and Assistance	\$ 5,000,000	
Increased Profit	\$ 3,000,000	

Present Value of Benefit

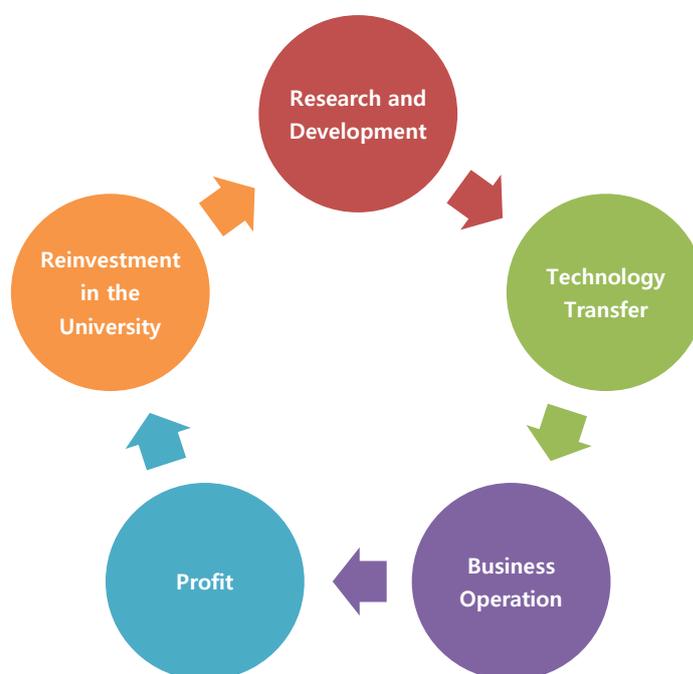
1st year = $1,200,000/(1+5\%)$
 2nd year = $1,200,000/(1+5\%)^2$
 3rd year = $1,200,000/(1+5\%)^3$

- Comparison for the Decision Making: Total of Present Value from the Benefit-

Total of Present Value from the Cost Factors (Sum of 1 through 7)

The Cash Management and Investment Strategies

Amidst the difficulties of cash flow in the CU accounting, the investment strategies generally prioritize a common concept of public universities under the leadership of Korean government. The holding company is technology and innovation-based that raises spinoffs and transfers the knowledge and patent in profit concept (Piketty, 2014). The public university, especially leading campuses in Korea, is research-oriented and the kind of basins of competitive knowledge and research performance. They often issue large cases of patent application and manage to profit and finance the universities. This concept and business design had been applied that the Department of Education has planned to inaugurate fifty companies of technology investments, 550 subsidiaries of venture capital and eventually spinoffs. Their total sales will be expected to amount 3.3 billion dollars and over 10,000 jobs will be newly created. The revenue of investments will be reinvested to the use of university or capital budgeting. As it is managed and controlled by the university and the facet of business operation will be assumed by the subsidiaries, it has dual traits both to tone with the public good and to yield a profit (Moynihan, 2006). The strategy of this business model was designed to counter that the campus-industry alliance pursued as paradigm has limitations. The model also is more effective to surmount the challenges arising from the heightened civil liabilities and increasing risk to bear the productive liability. The holding company will be funded of seed money from the campus-industry alliance, which commonly acts within the national campus. Then, the strategic business cycle could be made real in this project.



The former CU Chancellor Cheon officially endorsed the project in Sept. 2008, which will be pursued under the auspice of DOE. It will be the largest in region, and the plan was submitted to DOE for approval. It is a commercial establishment in compliance with the requirement of Korean commercial law, and the intellectual property generated by the CU is most of equity as a matter of financial structure. The governing act passed the legislature in 2008, and ten universities were processed to obtain a governmental approval (Hojin, 2012).

These days, most of Korean universities have been successfully incorporated into the system. The CU Tech reported 6 million paid in capital in the form of tangible assets and cash dollars, and the cash amount to be invested had increased annually. The assets invested are patent rights from T.H. Kim, professor of medical school and Y.K. Park, a world renowned expert of nanotechnology in the department of life science. The patented technology was evaluated in higher value by the patent office of Korea that is very encouraging and envisioning. This would facilitate a business negotiation with the banks and financial institutions. The strategic team of CU was very confident on the success that the competitive research funded by the government may create an ample opportunity for a patentable technology generation. It could be transferred or licensed, and subsidiaries created from the domestic and foreign investment may diversify the source of revenues. H.N Lee, a leading professor of campus-industry relations commented, "It is great opportunity to accomplish (i) advanced and planned research through the cycle (ii) financial contribution to the university (iii) increase of employment rate at graduation (iv) enhancement of social responsibility to generate the knowledge and productive research."

Since I have addressed an illustration of capital budgeting earlier involving the law school project, I forego the detailed analysis of project in view of capital investment strategies. If cash flow were to be related with the capital investment, one note is consequential that the annuity formula should consistently be applied in evaluating the options. This requires that the income stream has to be discounted to keep it constant for several years. Nevertheless, it needs to be noted in points of distinction that the educational institutions may often countenance a research and knowledge-related investment opportunities. Of course, that also partly depends on the circumstances under which the university falls. However, it can be said that that avid business expansion would normally degrade the sanctity of institutions. As we note in the overall cash flows of CU, the circumstances appear not positive as calculated at the point of pure operation (Bizzer Professional Training, 1999).

Figure 6 Cash Flow of CU

End Date of Fiscal Year	Cash Dollars of Operational Income	Cash Dollars Calculated Post-operation	Cash Dollars Including Interests	Cash Dollars Including Routine Management	Cash Dollars Including Investments	Cash Dollars Including Finance
Feb. 28/2013	-16,141,149 \$	-15,949,986	-15,949,986	-13,991,915	5,733,731	1,702,859
Feb.29/2012	1,077,208	1,153,040	1,153,040	-1,339,605	2,745,428	-139,570
Feb. 28/2011	44,069,975	42,822,950	42,822,950	45,763,824	44,899,521	-125,221,325

This implies that a tuition revenue may not cover the wage and salary of professors and staffs. CU is considered to pay more than average wage rate of university professors nationally. The tuition is not so low, but has long been an issue of conflict between the interest holders, students or parents and university administrators. This is seen the kind of embedded factor to be incurable over the budget and financial planning. It well proves a tenet of fiscal discipline that the fiscal issues are highly structural and the budget process tends stubborn and political but recurring and interactive (Hagen, Jürgen and Harden, 1995). While the decision makers often are elected representatives, the fiscal officers can also respond with various practices and career experiences to ensure a fiscal discipline. The CU chancellor was elected by the campus members. A mention or theory to cap the budget process of government would also be related with the CU budget process. He rarely could be audacious

to lower the payment of professors and staffs. That is also true about the revenue side, to say, increase of tuition rate at the corresponding scale with the inflation rate of nation. The strategic plan called V2020 also pointed out more a challenging forecast on the tuition revenue, which decisively created a long term crisis. In this stream, it is necessary to diversify the revenue source of university and the cash flows can turn more positively as you note it improved at various stages of calculation (Hojin, 2012). The cash issue and capital investment involving the colleges and universities have some characteristics (i) distinct nature of capitals, i.e., technology and intellectual property right (ii) not so sizeable, but new concept of technology capital to complement and lead the modern capitalism, perhaps could-be some cure of market dilemma (iii) interwoven with other concept, human capital and role of public education as we see a reinvestment to finance the performance of university. In terms of cash management of CU, the project, in combined effect of other for-profit projects and businesses, had been prospective and now produces a positive effect on the budget and finance as you find other column of cash flow box.

A Concluding View : Overall Financial Condition

Figure 7 Principal Financial Indicators

End Date of Fiscal Year	Total Assets	Total Equities	Paid-in-Capital	Sales	Operational Revenue	Net Revenue
Feb. 28/2013	679,753,767	550,760,742	550,760,742	408,809,497	-13,673,390	-14,800,592
Feb. 29/2013	697,650,531	569,592,246	569,592,246	397,446,543	2,835,353	1,224,346
Feb. 28/2011	699,638,676	569,184,398	569,184,398	387,975,983	17,217,703	11,939,366

Figure 8 Debt Chart

End Date of Fiscal Year	Short Term Debt	Current Maturities/ Long term Debt	Private Loans	long Term Debt	Financial Lease	Total Debt
Feb.28/2013	0	2,588,400	0	8,965,465	0	11,552,865
Feb. 29/2013	0	0	0	11,553,865	0	11,553,865
Feb. 28/2013	0	0	0	13,352,365	0	13,352,365

Figure 9 Dental Hospital

Fiscal Year	Revenue (14,879,000:2012 -16,018,000:2013)			Expenditure (15,294,000 : 2012 -16,018,000 :2013)			
Item	Paid Service	Non-service Income	Minus Project income	Service Expenditure	Non-service expenditure	Purchase/fixed Assets	Payment/Long Term Loans
2012	14,500,000 (hospitalized /visitors /miscellaneous)	238,000	0	-	302,000	509,000	-
2013	14,987,000 (hospitalized /visitors Miscellaneous)	220,000	135,000 (minus)	9,696,000 (wage/ professors) 212,000 (materials/ device)	112,000	642,000	89,000 (lease deposit/debt payment)

				3,015,000 (maintenance cost)			
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Figure 10 Main Hospital

Fiscal Year	Revenue (14,879,000:2012 -16,018,000:2013)			Expenditure (15,294,000 : 2012 -16,018,000 :2013)			
	Paid Service	Non-service Income	Minus Project income	Service Expenditure	Non-service expenditure	Purchase/fixed Assets	Payment/Long Term Loans
2012	14,500,000 (hospitalized /visitors /miscellaneous)	238,000	0	-	302,000	509,000	-
2013	14,987,000 (hospitalized /visitors Miscellaneous)	220,000	135,000 (minus)	9,696,000 (wage/ professors) 212,000 (materials/ device) 3,015,000 (maintenance cost)	112,000	642,000	89,000 (lease deposit/debt payment)

As you note, the net revenue of CU had declined that it reported a minus income in 2013 fiscal year. This indicates that the fiscal challenges would be imposing over the years, which gradually aggravate since the major revenue base would be threatened. The revenue forecast is fairly threatening, and expenditure profile will not be certain if the fiscal balance would be respected (Daniel, 2015). The debt management would show that CU could maintain a stable status over the years that one credit agency in Korea, named K-Report, rated a- in terms of overall assessment of financial condition. The rating has been conducted on a reliable source and public data, but the K-Report did not investigate the authenticity and precision of data. The report is sold at market price and is valued with the supportive analysis and assessment. For example, they use four criteria including the profitability, stability, productivity, and prospect. They use terms and standards, such as unit cost to sales, operating income to revenue, net profit, debt ratio, receivables turnover, and so. "Rate a-" indicates that CU is generally sound and commercially credible at high extent, but to some degree may be vulnerable from the impact of external factors, such as economic downturn and environmental change (Shiller, 2012).

Since we had a brief look over the revenue forecast involving strategic plan of V2020, we may discuss the 2013 revenue structure of two university hospitals as well as expenditure suggestion raised by the faculty board. Besides the revenue trend of tuition, those two sources are major and strategically impacting that have a greater implication on the overall financial profile of CU. This is especially implicating since the tuition revenue is more structural to be constant over the years if excluding an issue of prospective applicant decline. Since the budget process of public university normally is simple and straightforward, the structure and suggestions can divulge overall financial condition and strategic issues involving its major

stakeholders. Another interesting feature in assessing the financial condition of public universities in Korea is that the financial issue generally attracts a major attention in campus election. It is the same of economic issue in the presidential election of nations. This arrogantly speaks (i) universities nationwide now struggle to combat the financial difficulties (ii) performance of revenue drawing is related with the research and reputation of universities (iii) rich universities could build in the capability of organizations and proves a good public relation with donations and contribution. For example, the CU chancellor Cheon in 2011 election campaign stated, "...the know-how and human networks would be pooled at front to continue on the income generating projects and programs." D.H. Park, a candidate for the election, put an emphasis, "...my social profile and public recognition will promote a vision through the IT Health Project and Initiative on the International Centers of Scientific Research....Specialized business, such as *Kimchi* project and kindergarten, will help to assist the financial needs of university and promote the welfare of campus members." Several other candidates would raise a same idea of election promise, which is business-competitive over the issues, such as tuition, government strains on financially problematic university, establishment of implant clinic, generation of profitable business models, and so on.

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XV. Globalization and Public Finance

An Impact of Globalization

The benefits and limitation of globalization are simple and straightforward. First, the opportunities would expand that the investment and trade can flourish. Second, the limitations are obvious that the interchange generally would create a competition among the global organizations and between the national and international priorities.

The World Economy and Fiscal Administration

While the budget and fiscal administrations rely on the base of national economy, economic growth generally leads to the sound fiscal administration and strengthens the revenue base. While the economy on the paradigm of liberal market is critical of opportunities, the globalization generally serves positively (Ritzer & Dean, 2015). It is a common awareness that the Chinese and Japanese investments enchant to boost the US and Korean economies nowadays or over the past decades. Perhaps, the share of Chinese would be more recent than Japan given the realities of World political economy. A concern from the policy makers may counteract that we occasionally see an economic patriotism debated in the circle of politicians and intellectuals. They would fear, for example, of relocation or severance of most hiring multinational corporations to other states or nations. The fear of capital outflow would be illustrated with Berger King, one US base company and Louis Vitton, a French firm, would be another case in Europe. The kind of outflows of invested capital implies a decrease of tax base and loss of jobs in terms of national economy and public administration. It is simply true that the reverse is one of most popular focus in view of national politics, public elections and assessment of government performance. The election of city mayor would be contended, for example, around who will be most strategic and capable of attracting a foreign investment. Often we countenance news photos or propaganda of local politicians, who gather to commemorate a congratulation on successful deals of the partnership or joint venture agreement with foreign investors. It is usual, for example, at the local news coverage of Gwang-ju, South Korea and Governor's webpage of Wisconsin in the Facebook. They may be sensitive to keep a lower rate of property tax in purpose to promote a foreign or out-of state investment. It obviously would be a critical element to manage the growth of national or state economy as well as improvement of unemployment problem. The performance will appear in the public indexes and offers the basis to contend for his or her reelection, which impacts the role and responsibility of leadership. In pursuit and concern, the interest of stakeholders may be disputed around the labor issue if the investment is not conscientious or profiteering-only. They may disparage the universal standard of labor relations or act in disregard with the business ethics or humanistic code of conduct (2015). The aspect in this concern would once be expressed with the declaration of General Assembly in the UN, which acted to promulgate the code of conduct on multinational corporations with the host countries.

Structure, Institution and Globalization

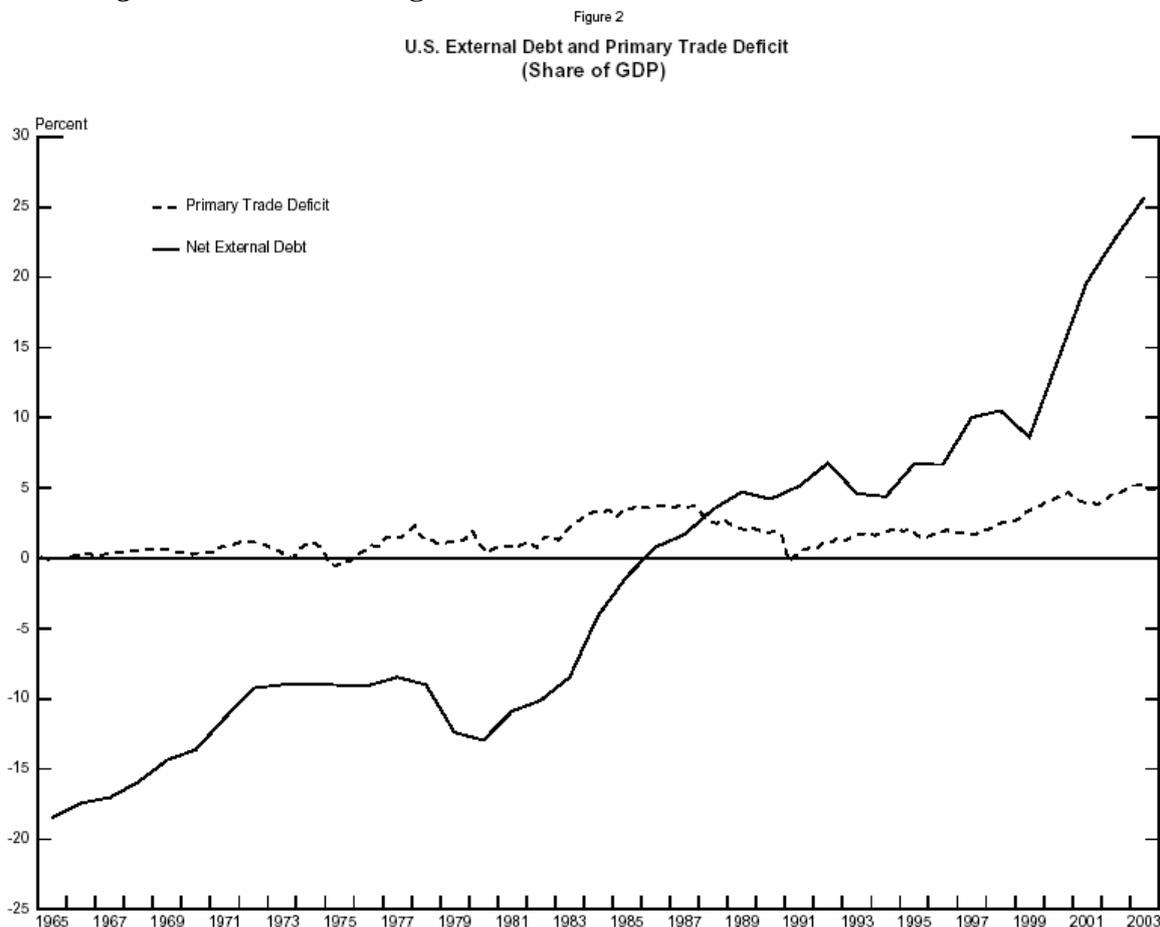
A second facet involving the issue of globalization would be resilient, consistent, structural as well as institutional in its quality. We stated an opportunity above, which notes the capital side and investors (Israel, 2012). It is an indispensable ingredient to sustain the liberal capitalism, what we often see as an incentive to drive a production. That would turn to

enter a maze of reality, which is counteracted or adjusted with the realistic challenge. The opportunity to equal access for disabled and elderly, for example, would not buy-in prospective investors if they are greedy enough. The cost and expense may discourage their investment since they have to spend to install facilities and equipments for those groups. A respect of law and regulations or policies would be compelled expressly or impliedly by means of sanction or removal of the government favors in their stretch of business prospect. It is resilient even on the global plane that the disputes of equal treatment have been filed immensely over the decades of WTO administration. A tenet and theory would not be applied as created that the issues of discrimination among the nations or against foreign traders pose the challenges (2012). A corruption of public officers is also one concern which is never easily eliminated. The environmental group and civil activists are no longer a vogue of national scale, in which many international organizations act to devote their efforts. For example, the International Society of Development and Sustainability had been committed to create a cause and exchange ideas against the abusive exploitation of developmentalists (2015). It manages a public website and its academic journal provides a forum of concerned professionals to promote their issue. The deals in this interchange are fairly consistent that the legal stability and predictability could be embraced in the practice of history. Nevertheless, it is structural from a different linguistic, ethnic, religious and ideological basis. It also is institutional that the laws and civilizations could ameliorate on a hard nature of discrepancies, but could be disagreeable on beliefs and value system. The clash of civilizations was once disposed to describe the tension and dissidence between the West and Muslim, but we sense that the concept of civilization would generally be taken as a crucial element to explicate the institutionalism (Huntington, 2011). That is also a factor to shape a political and social identity of nationals and create the basis of rule or enact national laws. It would be the kind of institutional approach to think why the Islamic law differs from the western countries and why the US is reluctant to sign the international treaties, such as Tokyo compact, international criminal court or international sea laws, while welcomed by many global nations.

Hence the structure of challenges from globalization impacts in dual context, in which the financial leadership should share an attitude and mindedness (Shiller, 2012). As represented by WTO, the trade liberalization and expansion of global market obviously increase an opportunity, which is positive. But the reality actually is complicated by compounded elements and practice, in which less competitive governments or public organizations would lose or in some cases ruin. Hence we can grasp more than proximate scene of our reality by using the term, say, *glocalization* (Israel, 2012). It would be a combined catch how a locality would react with the global dynamism. In this sense, the government or public organizations are actual players, who should respond with the “global and local” challenges to mediate and develop in the interest of communities or organizational members. For example, capital flight is one concern that the global leadership should be minded and adequately respond with. A tax evasion to the foreign nations is a point of pondering how it impacts on the public ethics, revenue recession, or long term impact negatively on the national economy. The global institution tends generally soft that a negotiation would be cultivated in approaching the conflict of interest, which guides a different strategy for the policy makers, of course, including financial officers. The commercial diplomacy is one way to develop the strategies of government which serves their economic needs. For example, Korea and China would pursue to invest in African states, which is to enrich and diversify their need of natural resources. It would create a stable condition of resource supplies that is essential to strengthen the basis of national industry. Of

course, it could be interpreted in diverse viewpoints as one source would comment if the strategy had been politically motivated to enlarge the global reach of China or had serviced a domestic scramble for profit gains with lobbying and possible compromise. Then it is recalled that the ethical issue probably would be a close companion with such increasing opportunities. A collection from levying the tariffs would be one source of revenue in terms of national fiscal administration (Mikesell, 2014). While the nation is supreme in power to allow the international trade, the tariffs are traditionally favored as a typical tool to regulate it. The principle of non-discrimination also likely imposes a condition that the supreme power is limited from the international promise. Hence, we know that the most favorable treatment and domestic treatment are essential to make the international trade as liberal, fair, and equitable. The efforts to lower a tariff rate had been successful over the history of GATT and WTO since it was steered to promote the objectives of WTO institution. In terms of fiscal administration, the trade liberalization can enlarge a general revenue base since it boosts economic growth. A tariff revenue may decline since the free trade flourishes as in the case of US-Korea FTA years ago, but could be set off by the growing trade. Interestingly, the fiscal deficit or foreign debt is mentioned simultaneously with the trade deficit as we see below in *Figure*. The trade deficit may affect an industry and may jeopardize the ability to pay a foreign debt in nations depending on the circumstances. The fiscal deficit also would require the government to borrow more, which can aggravate a fiscal balance and sustainability (2014). The association of international customs administration would be instructive to guide a collection of tariffs and system of administration in response with the growing international trade.

Figure Trade and Foreign Debt



The public organizations would see ample opportunities and alternatives as feasible with the globalization. The public universities would invest in the foreign campus project to raise a revenue. Some prominent art schools from New York had cultivated a Korean campus in Song-do years ago. Many business schools from US, France and Great Britain exploited an opportunity in major cities of other countries, which can improve their budget and finance. The concept of social enterprises would enjoy a global outreach which shares a common interest and social cause. The charities and international groups on Child Hunger would find their project involving the African network for support and donation. UNICEF would lead the mission that some Koreans form a local union to participate and collaborate.

A Concluding Remark

In short, the globalization would thrust the opportunities and challenges that the leadership has to address. The insights and lessons for financial practitioners would be a treasure to exploit the positive aspect and to minimize the negative impact, who would be intelligent and knowledgeable over the economy, laws and institutions, policy studies, geography, anthropology and philosophy.

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XVI. A Reflection on Insights

Throughout the classes, my learning is that the fiscal issues have a trait in multiple facets.

First, it seems most practical meaning a concrete and grounded process of deliberation and interplay leading to some tangible impact. We might debate for any better economic policy to grow and increase the material welfare. Nevertheless, the options would be diverse that often remain in suggestion or disagreement on views and opinions. Of course, we may see more visibly about the rate of annual economic growth or unemployment rate of nation, which also shows within the temporal indexes. Nevertheless, we hardly deny that the fiscal year is harder and rigorous than statistical period of national economy in sense and a fiscal agenda would be practiced as supported normatively. It generally feels less same between the two statements, i.e., “3 % growth last year” and “sequestration of spending for the fiscal year.” The economy may be harmed from a resilience or political inefficiency, but would not come in same tone or directness if we assume a practice of logrolling and political contention to priorities in the budget allocation or project endorsement. The fiscal or budget process involves a normative interchange as provided by the scope of norms and as matters with the levels of government. The budget planner and financial officers are concerned “if we are permissible” beyond exploration of best options while economic planners may be solely about “if this is best of alternatives.”

Second, the fiscal issue for non-profits would vary between two major classes. Depending on the types of government, the federal or central government is distinct that generally controls or tailors the whole of national fiscal system. I imply delicacies by saying “tailor,” since it likely would be a kind of domestic issue besides the economic or other public issues (Sorens, 2011). Hence, the fiscal administrators may be more intact of global factors than the economists although we tell that the globalization poses challenges and opportunities on sectors of nation. The public is often concerned if any policy or program may discriminate among the stakeholders or undermine the general good of society. Nevertheless, sayings would be least involved a fiscal failure although we critique an environmental harm of nuclear power plant. A fiscal uttering would come last and generally raise less notoriously, but interchanged hidden or implying. As one classmate made as analogous, it would likely be received of spousal crisis with an empty purse than the social view of their contribution. The non-governmental organizations would incur same since it is a non-profit, but often could differ that they are more defensive restraining a borrowing or public debt to manage the sound fiscal balance. They would have neither a territory nor populace, and the public cause would be partial or less ultimate than the government, which stimulates them to be more than diligent and fiduciary besides the assuaged bureaucracies. Of course, the procedural and quality of differences would be in scope between the two organizations.

Third, the fiscal issues of public organization entail a distinct aspect of products that they generate a public service and good other than commercial. Their products do not compete in the market and no definite price would be offered (Mikesell, 2014). An exchange is standing on the sanctity and hierarchy other than voluntariness or personal preferences. A governmental entity would possess both qualities, and other public organizations would perhaps be on the first only. This aspect allows a distinct space that the financial officers would deal with their responsibility. The cost and benefit analysis would require an independent assessment of value brought by the public service. The capital investment strategies would incur a difficult political decision beyond a numerical persuasion. The structure of budget and finance may itself begin by focusing on the side of service provision

than the fiscal balance. The fiscal expertise may confront oftentimes with the elected representatives because no definite solution would rise as unfits with the commercial concept. The fiscal theories and paradigm also would be based on this distinction that the unit, program and performance-based budget process would explain an importance of provision than the commercial competitiveness. It is noteworthy, however, that the commercial traits tend to instill the idea of fiscal administration. The NPM now suggests a result-oriented government, the idea and frame of which originated earlier before decades. As Moynihan introduced, The NPM doctrine “is a set of arguments about governments should be run...has been influential fueling debate about the future of public service (pp. 77-79, 2012).” The idea borrows a management perspective that was engrafted with the public administration, and the doctrine claims that the changes are required to restructure our basic assumption, to specify, clear goals, managerial flexibility, devolved operational authority, outputs and outcome focused decision and controls, and accountability of managers.

The New Public Management and Impact on the Social Change

An Introduction

While skipping from a general discussion, I would highlight some of plan by applying the concept of NPM to state or city-owned businesses or enterprises (SCBO). For example, SeMA (Seoul Museum of Arts) had long been managed as a state or city owned business, which is less profitable and one contributor to the budget deficit. It was devolved as a matter of law that new managers were chosen by open competition other than bureaucrats. The budget and finance were improved and it is viewed to bring a social change in aspects. Let me brief on the autonomous operating agency (AOA) related with the state or city owned-businesses as a matter of Korean practice, one legal instrument in Korea generated on the idea of NPM, and like to introduce its progress and some results.

SCBO and AOA in Korean Practice

The SCBOs generally are viewed in dual lens, i.e. “publicity and entrepreneurship,” the definition of which arguably would not be entirely agreeable by the scholars in use (Lee & Kim, 2012). Often these entities would be considered, in its essence, the kind of enterprises or business firms owned by central or local governments. The publicity of these entities generally requires the public ownership and control, and the entrepreneurship is intertwined with the concepts, such as autonomy of entities, public good or service generated by these entities, and its marketability or fiscal sustainability. The SCBOs would operate their public commission, i.e., provision of public good and service in two types as a matter of system and order of function or responsibility. The first type is called “public enterprise” which is characterized by more than market traits, and the second type would be quasi-governmental branch which are thicker in public elements and viewed from the public criteria. These types of entities would often be regulated by the special act, which deals with an organizing, empowerment, function and responsibility (2012). The budget and accounting acts or practice would provide the standard of practice and the kind of mandate by which they should be bound. The traditional paradigm of government has no discrete system between the central policy-making bodies and structural diversifications of implementing agencies involving the provision of public service. This was attacked seriously for the lack of competitiveness and inefficient public service. It necessitates a new orienteering and reform mind, especially under the influence of neo-liberalism and neo-conservatism around 1970’s through 1980’s as

we know, which triggered a more effective and efficient government. The idea of AOA has been developed by the new circle of public management (NPMs), which shed a more emphasis on output than input (2012; Moynihan, 2006). In this idea, the agency would operate on more of organizational independence and autonomy and the result-based accountability, what we call “alternative service provision.” The AOA has components of theory and principle in terms of new public management (i) less of internal control and line authority (ii) intensification of result-based public management (iii) import of competitive basis of operation (iv) functional diversification (v) application of the management standard of for-profit organizations (vi) result-based reward system (vii) reduction of expenditures (2012). For example, in this system, the traditional ways of bureaucracy would be restructured to soften the internal control and red-tape procedure, devolution of management authority, and more autonomy or discretion for the managers and officers. The AOA occasionally would be transformed into the public corporation as we see the National Medical Center in Korea. For this reason, the labor union tends to disfavor the AOA designation by law, which often raises a resilience or public struggle since the concept of public corporation means a deprivation of shield or protectionism available for the government branches in Korea. Incorporation as a public business, often based on the independent statute, is considered one of privatization in Korea which requires a relentless competition and profit-driven exploitation. As worse, the AOA can be mistaken as a prelude for the public incorporation which creates an unfriendly response from the working class (2012). Nonetheless, the AOA can be distinct from factors and stands and on any independent frame from the privatized enterprises or public corporation. First, the AOA can be drawn upon the kind of branches, which are highly disposed of “service provision” than “policy-making” as well as are characterized vastly by the business concept, such as productivity and profitability. In this scheme, the efficiency and performance-oriented management has infused the scope of key functions, say, personnel management, organization of work flows, and budgetary process. It strengthens the autonomy of operation and result-based accountability which pursues the administrative efficacy and provision of quality service as well as replaces the traditional paradigm of public administration. Therefore, the input-oriented process of administration and bureaucratic control, two elements embedded on the traditional notion of public service or fiscal administration, would lend a space for the ideals of NPM, which then increases the authority of managers with an extent of delegation and ensures their accountability from the result-based evaluation. This trait would make it distinct from the prevailing mode of privatization since the latter would surrender all the competing values to the market principle, competitiveness, and fiscal independence. The ultimate goal of AOA is to provide a quality public service that it operates basically on the existing system of government, but with an increased autonomy and strengthened responsibility (2012; Moynihan, 2006). While it cherishes the kind of values, i.e., efficiency and efficacy over scope of roles and functions, it is publicly accountable as one of government instrumentality. In response with the challenges, the government generally may implement two policy options, say, outsourcing of public service and privatization. The outsourcing of public service would employ the private businesses or public organizations, which operate in its own identification and independent account. Privatization generally is meant to be conclusive in transfer of assets and management to the for-profit businesses, which then operate on the frame of entrepreneurship than publicity. Therefore, the fundament to initiate this system differs from two alternatives, and it does not necessarily lead to the privatization.

AOAs Currently Administered in Korea

The AOA had been instituted by enactment of ground statute, Jan. 29, 1999, which entered into force Jan. 1, 2000 and entitled the Act on AOA (2014). In 2000, the National Medical Center, National Auditorium and Theater, Driver License Exam Management and other six units of government had been inaugurated as experimental. Next year, the Dairy Research Institute, Central Distribution Storage, Chung-Nam Statistics and other 10 units were included. In 2006, the National Patent Office, a unit of central government was firstly inaugurated. Nowadays 15 units of central government and total number of 38 organizations would statutorily be designated as an AOA, and the types span into six categories based on art. 2 cl. 3, which covers the research and experiment, education and training, culture, medicine, facilities management and residuals (2014). The statutory definition of AOA can be found in art. cl. 1, meaning “the administrative unit to be conferred an extent of authority for the head and managers in terms of fiscal and other unit administration, and to be subject to public accountability based on the result-based evaluation because the principle of competitiveness is desired and specialization requires a result-based approach beyond the ideal of publicity (2014).” A most typical consequence of this Act is that the head of AOA is selected by the public competition and screening process. His legal status is contract-based, and rewarded with a result-based compensation or penalized to be halted of his status on the contractual basis. You will collect a small part of success of SeMA below, which could be ascribed to the strengths of AOA.

Figure 1 Rate of Fiscal Independence (Three Major Seoul AOAs)

AOAs	2009	2010
SeMA	1.82 %	2.54 %
Seoul History Museum	11.00 %	11.00 %
Voice of Seoul Traffic	17.80 %	19.70 %

Figure 2 Yearly Trend of SeMA Operation

Category	2007	2008	2009	2010
Popular Recognition	-	60.1 %	60.4 %	-
Fee Visitors	1,130,000	1,120,000	1,360,000	1,475,681
Membership	55,923	92,685	123,080	163,673
Customer Satisfaction	-	-	67.2	75.9

The work process was never dealt extensively to improve and be made efficient before the SeMA obtained the AOA status. However, the SeMA has intensified diverse initiatives and collaboration to compress the steps of unnecessary procedures in the end to bring a simplification against a redundancy, and to prepare the chart of work command. This effort could not have been practiced provided if it did not list as a component of evaluation criterion. Other peer AOAs have imported the QR code system which facilitates the convenience of customer and has been successful to simplify the administrative work. The SeMa also prepared a work manual to correspond with the work role and responsibility, and assigned the international code of book number, which facilitates the exhibit and sales of paintings.

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Sorens, J. (2011). The institutions of fiscal federalism. *Publius: The Journal of Federalism*, 41(2), 207–231.

Hi. Dr. Saye,

Thank you for reading my post. The introductory statement had been excerpted from the annual budget document prepared by the school officers. Hence, it is an intra-organizational production, which is private in legal treatment. The falsification would incur a less penalty as a matter of criminal law since it is neither a governmental nor public nature of document in terms of the criminal purpose. The private universities often replicate the forms and terms as similar from the acts and regulations of government, which makes it look like original legislation. In hierarchy, the introductory statement would come later behind the congressional act, government regulations, statement of direction from the education department, and Charter of CU. It, therefore, guides a trending profile of CU budget, its strategic focus, and priorities that affects the allocation of resources. It would differ that the acts are generally a structural authority if without any strong demand of reform. The introductory statement would be the kind of keynote to provide a comprehensive view of budget and finance. Let me say a bit for your first comment. Although it is a foreign source, I suppose it could well be equal with the US budgets in method and principles. The budget sets have to be prepared according to the accounting statute, regulations and GAAP. The accounting system of Korea is advanced as same with the US and other developed countries in terms of standard, basic principle and rule as well as professional system. Korea administered a highly competitive CPA exam, which is the basin to create a US nature of public audit and accounting. The acts also require that the CPAs should attach an opinion to the annual accounting of public and private organizations. It would be no surprise that the service of public accounting would be any most of facile area in terms of uniform deals if we know the WTO codification process of service sectors. While the legal and medical services had been contended with disagreement and many subtleties, the sector was first to establish the Appendix for the unabridged flow of service provision over the nations. Respectfully.

XVI. Repository of Socratic Conversation with Peers

Author: Lisa Saye **Date:** Friday, January 9, 2015 8:54:52 PM EST **Subject:** RE: Discussion - Week 6

Thanks for your very thorough summary Kiyoung,
Looks as though the Introductory Statement reemphasizes the enabling statute (original legislation) which helps to set the parameters for the system itself.

Dr. Saye

Hi Casey,

I enjoyed reading your post. I agree that the stakeholders could be gotten much sensible with such comparison over the years. I experienced same in my organization that the documents show a trending diminishment and requires some critical strategic response. Is your organization practicing a participatory budget if local people could voice their opinion or comment? I also am interested in the final approval of budget in terms of supervision. We, Korea, manage the system that the biggest local governments, such as big cities and provincial governments, are ultimately responsible for the police administration. They act by organizing the independent commission to decide important agenda of local police. The head of local governments and local assembly would engage in budget and financial process. Whom does the Police Department need to contact or ask for negotiation or discussion to increase such amount of budget? Respectfully.

Author: Casey Moss **Date:** Thursday, January 8, 2015 3:45:03 PM EST **Subject:** Main Post

For the purpose of this discussion I will be discussing the budget of a small local law enforcement agency, the El Cajon Police Department. The El Cajon Police Department serves an area of 14.4 square miles and serves a population of approximately 100,460 (City of El Cajon, 2014). As of 2014, the department has approximately 120 sworn personnel, and one station (City of El Cajon). The CAFR will be referencing is their annual budget for the year 2013.

Mikesell (2014, p. 46) refers to a budget as a “financial plan that carries forward the financial implications of carrying out a particular planned response to the anticipated operating conditions in a future period, normally a year.” When creating budgets, it’s pretty standard to include the information for the upcoming year, the current year, and the previous year (Mikesell, 2014, p. 53). The ECPD budget does so by showing the two previous years, 2010-2011, 2011-2012, 2012-2013 (current), and 2013-2014 (proposed) (City of El Cajon, n.d.). The proposed budget asks for approximately \$703, 658 more than the previous year in the general fund (City of El Cajon, n.d.). This is due to an increase in officers and the creation of a new proactive Bike Team that made over 500 arrests and wrote over 430 citations in one year (City of El Cajon, n.d.).

The budget also brings up the city’s outreach program called the “Project” (City of El Cajon, n.d.). The Project “involves ongoing collaboration with all stakeholders in problem solving and education programs. Working with community members, schools, various City departments, community based organizations, business members and other law enforcement organizations we meet regularly to strategize problem solving practices” (City of El Cajon,

n.d.). The Project has won the department two “significant” awards for their effort in strategic planning and community relations (City of El Cajon, n.d.).

The El Cajon Police Department’s budget tells stakeholders that it’s making an effort to improve police-community relations. It tells stakeholders the department’s goals, for instance, “manage police resources in the most efficient manner possible while ensuring public and employee safety” (City of El Cajon, n.d.). The budget explains why it calls for more funding than in the previous year and backs up the request with evidence of success in the programs needing more funds (City of El Cajon, n.d.). Overall, the budget is pretty extensive and due to how it justifies expenditures, seems pretty valuable to the organization. The budget is valuable to stakeholders because it maps out the plan for the next year while depicting the previous years. Further, the budget explains increases in funds and reports the results of inner-department projects and units (City of El Cajon, n.d.).

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City of El Cajon. (2014). El Cajon Police Department. Retrieved from: <http://www.elcajonpolice.org>

Hi Sharon,

Thank you for the good post. The education service is very contentious that closely relates with the need of households. Local school administration here in Korea would be treated as special jurisdictions that require an independent election from general local governments. Hence, the authority is separate and educational decisions should be made by elected educational specialists, who practically could only be elected in such election. Professors, high school superintendents, and career attorneys historically occupied a head position, which, however, could never come easy because of popular controversy and disagreements. Interestingly, the finance and budget had fueled many challenges and grievances, which, I consider, arose due to separate authorities between the educational decisions and financial ones. Often heads of general local government and local assemblymen would take more care to realize a less taxation and small budget. That would not be so for the case of local educational head. Free meal program in the Seoul Educational District vividly discloses such intergovernmental conflict in the past years. How was your system in Los Angeles city? Respectfully.

Author: Sharon Rose **Date:** Friday, January 9, 2015 10:50:53 PM EST **Subject:** RE: Discussion - Week 6

A CAFR (Comprehensive Annual Financial Report) is an in depth and thorough presentation of a public organization’s financial condition. This document reports on the organization's balances and activities for each fiscal year (Mikesell, 2014). For this paper, the specific CAFR that will be reviewed is the 2012 Los Angeles County Office of Education

(LACOE) CAFR. The Los Angeles County education office was founded in 1852 when California became recognized as a state. The office offers coordination of educational supplies and programs, and administrative and professional assistance to 80 K-12 school districts that educate about 1.7 million students. Presently, there were no boundary changes in the course of the fiscal year (LACOE, 2012).

The LACOE's CAFR is particular in financial substance. In addition, it presents fairly the overview of the financial position and activities of the LACOE for the fiscal year that culminated on 30th June, 2012. The LACOE's CAFR is presented in 3 sections i.e., the introductory section, which includes transmittal letter, the financial section, which includes the independent report of the auditor and contains discussion and analysis of the management etc., and statistical section, which includes additional financial, demographic, and economic information. The aim of the analysis and discussion is to explore the education office financial performance. Among the key highlights of the 2012 fiscal year is that the Education Office's total net assets, following restatements, reduced by \$32.9 million for the fiscal year which ended on 30th June, 2012 (LACOE, 2012).

The CAFR is very important since accounting and budgeting are principally vital for any government body. Anyone with the capability to make decisions that relate to the existing body should have the basic understanding of accounting and budgeting. Therefore, LACOE's CAFR for 2012 aids districts function more efficiently as well as put more resources where they matters most i.e., into the classroom.

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Mikesell, J. L. (2014). *Fiscal administration: Analysis and applications for the public sector* (9th Ed.). Boston, MA: Wadsworth

Hi Robert,

I enjoyed reading your post. I agree that the entire nonprofits seem not same over the issues of finance and budget. For example, the governments may borrow issuing a governmental bond and the corporations would utilize the capital market to borrow and finance, such corporation bonds or new stocks as prescribed within the commercial code. Nevertheless, I am not sure if the non-profits other than governmental entity could be empowered to issue a bond legally and in the name of organizations. Perhaps the only way would be to borrow from a commercial bank and vast resources to meet the budget would arise from the donations or trusts and foundations of organization. The commercial bank probably would not be sanguine to lend to the non-profits or public organizations, which normally would be without any profitable as well as credible business plan. As you envisioned with a new business venture, what is your strategic focus to persuade the investors or lenders? Respectfully.

Author: Robert Yslas Jr **Date:** Wednesday, February 11, 2015 8:26:36 PM EST **Subject:** RE: Discussion 2 - Week 11

Final Reflections

Mikesell (2014) offers budget process as working hand in hand with the actions and activities of an organization. Having had decades of volunteer experience with a nonprofit organization, it was interesting to note the flexibility and the limited restrictions placed on these types of organizations as opposed to government agencies (Mikesell, 2014). Keating and Frumkin (2003) echo these concerns as it relates to financial scandals of the past and the continued mismanagement of others in the present day. However, the entire nonprofit concept is not without its own reporting as many must submit their respective financial reporting forms, such as the Form 990, to the Internal Revenue Service as well as provide supporting documentation of the organizations activities and budgets (Keating & Frumkin, 2003). I can honestly say that what was discussed in this course opened my eyes to the involvement financial administration has to developing an organizations activities and the necessity to consider its various elements in both short-term and long-term planning.

While conducting research for my specific nonprofit organization, as it relates to the premise of the final paper, I was surprised by the lack of some of the structure of the financial process as it relates to formal reporting standards exhibited and expected from a government agency. This includes the internal controls that normally are associated with providing layers of protection for the organization (Laureate Education, 2008e). While a formal structure may not exist in a traditional way, the organization (that I am affiliated with) does provide for internal controls, operated by committees, that work to review the benefits and risks of the organization (Laureate Education, 2008e). Working within committee keeps each individual accountable for completing their task on a timely manner so as to present the budget to the Board of Directors by a January timeframe to be voted and approved. It is was also interesting to note how laws, regulations, and policies affect the budgetary process and how each organization works to incorporate them into practice prior to adoption (Laureate Education, 2008d). Although the nonprofit I work with could not provide specifics, historical precedence and the knowledge of volunteers who work in financial settings, who also know federal and state laws and regulations, are the ones who help keep the process streamlined and within the organization's guidelines.

Overall the course provided insights that I had not considered and the questions of the final project definitely made some of the professional staff of the nonprofit question their own knowledge about the budget process. As I plan to continue working in an education setting, as well as eventually set up my own practice in crisis management, I will take what I have learned here, apply it to my own business ventures, and work to maximize our potential while keeping ethics, cost-benefit, and budgeting in mind when we want to pursue our next adventure.

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Mikesell, J. L. (2014). Fiscal administration: Analysis and applications for the public sector (9th ed.). Boston, MA: Wadsworth.

Hi. Ferron,

Thank you for the good post. I feel same with you and Jason. I initially had a thought that the fiscal work would involve a tedious amount of work on the numbers and accounting. Since I am not fluent with math, I fear if I might have been stressed to learn a difficult math to deal with the course requirement. Throughout the course, I became to comprehend the basics and the importance of finance and budget as a social changing maker. I also realized that the public credence would be any more important in deal with the financial responsibility. I also accept an imagery of centuries banker, who shows an imposing appearance to make himself appealing and credible. My home country had borrowed from the IMF when the Asian financial crisis broke up in the late of 1990's, which virtually went bankrupt. The SDR was a currency used in that IMF measure and universal unit to interchange inter-governmentally. The real sectors of Korean economy was assessed strong that the IMF readily extended such savory involvement. In other words, due to the rising credit of Korea in decades, such financial benefit could be internationally endorsed. Since the fiscal issues stand on the credit, We Koreans also aspire to develop the Korean currency as hard one like the dollars, Euros, pounds and yen. Once it was publicly controversial that one credit-rating agency attempted to lower the credit rank of US government. And the Bitcoin had once appealed as a public currency. These two incidents seem notoriously to disclose the quality of financial thinking these days. Both also flavors a little superstitious as if we talk about the Esperanto or Ido in our world of different scripts or language. How do you find two incidents probable to impact on the new financial understanding? Respectfully.

Author: Ferron Yi **Date:** Thursday, February 12, 2015 4:53:10 PM EST **Subject:** RE: Discussion 2 - Week 11

Final Reflections

Throughout this course, I have gained several helpful insights about financing and budgeting. We first started this course with the vital factors in finance and budgeting, and the ethics and technology that apply when dealing with finance and budgeting. I feel that this was especially important and beneficial because it set the foundation of understanding this topic and how important it is to the public sector. We also learned about the laws, regulations, and policies of finance and budgeting and why they were appropriate to use. This also gave us an idea of not only the importance of having the regulation, but how important the concepts are within strategic planning.

This course also taught us the importance of budgets and how much work goes into them. Not only do budgets call for tedious amounts of work and documentation, the management functions are especially important to understand throughout the budgeting process. Whether dealing with revenue or expenditures, budgets are extremely important tools when dealing with this area of the public sector. Whatever process is necessary or an employee is participating in, it is important to understand what the goal is, as well as what the job that needs to be done is. Working together on strategic planning takes several different areas of work to pull it all together.

As a professional in public administration, I plan to effect positive social change by applying the fundamental skills I have learned and give back to my community, making it more effective. We have learned several ways we can positively utilize both internal and external factors, stakeholders, and remain involved. Understanding the importance of this and remaining innovative in ways to accomplish is important to make positive social change happen within our communities.

Resources

Mikesell, J. (2014). *Fiscal Administration*. Boston, MA: Wadsworth.

Hi Magaly,

I enjoyed reading your post. You stated “the budget can become a guideline helping to provide realistic boundaries...” I also see it very implicating. We often could be lost of difficult laws or policy requirements, which, however, can turn fine with the spending specifics and distribution of responsibility. A numerical imposition of communication included in a budget seems to make it straightforward and clear. The WTO may adjudge a trade dispute involving the discriminatory laws and regulations of member state, but should be aided with the expert group of learned economist to convert it into any numerical measure of discriminatory impact. In similar operation, the budget seems certain to provide realistic boundaries as you said. The budget also would be the kind of communication and basis of strategic planning that preferably is universal to practice. As a human service professional, how do you find a difference in budgeting from other organizations? Is an accrual based accounting is more demanded, for example? Respectfully.

Insights

During the course of this class, I have gained insights into the world of government finance and the impact of strategic planning and budgeting on any organization. As a future social change agent, I have to be a professional that displays personal responsibility and personal integrity (Laureate Education, 2008) at all times. While strategic planning is not a new concept, strategic financial planning is vital to the longevity of an organization. I believe the most significant insight I learned was the budget and all it entails. As a human service professional, there will be ample use of my knowledge of budgets. This document will not only allows me to plan for my organization or group, but when used properly, the budget can become a guideline helping to provide realistic boundaries and will be useful when getting back on track (Mikesell, 2014). The extended analysis and evaluation aspect of the budget is also an interesting and important component of planning. Utilizing the cost-benefit analysis (Mikesell, 2014), for example, which allows organizations to understand the potential risks

without the reality or drawback of the risk, can become a valuable tool if my organization should ever consider a project or initiative. I plan to work with families of neglected children. By opening a community group, center, or organization (I am unsure which one it will be at this time), I plan to effect change by providing the support and resources to parents and children in my community. Through joint endeavors with community leaders and other groups, I believe that we can and will make a difference.

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Mikesell, J. L. (2014). *Fiscal administration: Analysis and applications for the public sector* (9th ed.). Boston, MA: Wadsworth.

Hi. Gregory,

I have enjoyed reading your post. The Gleaner Community Food Bank seems to realize the kind of utopia that the humankind had struggled with. A relief from the hunger is one of minimum condition to remain as human, but we still fail to eradicate the problem any perfectly. The African states are notable while many other countries improved much. Given the public goods theory being applied, a theoretical assumption is that non-exhaustion and non-exclusion need to be ensured. I may ask if there is any shortage of food provision in the US, while some scientists told a problem of water supply and food in the long run. I also like to know if the reach of organization is purely within the state confines? I found your statement fairly exciting that the contract failure could be remedied by open and constructive communication. I agree that the aspect of finance and budget is any more implored of honest disclosure, strategic communication, and sharing of stake or interest holders. Respectfully.

Author: Gregory Dabney **Date:** Saturday, December 6, 2014 12:20:50 AM EST **Subject:** RE: Discussion - Week 1

Theory 1
Public Goods Theory

Gleaner's budgetary function operates within a Public Good Theory (Hansmann, 1987). According to Laureate Education, (2008) budgetary discussions can have a political texture which supports the mission of the organization. This aspect of the term budget is relevant to the mission of Gleaners Food Bank (Gleaner Community Food Bank, 2014). The Public Good Theory brings to the fore front that a public benefit exists when the needs of the many are in some way not included in benefits distribution related to goods and services already supplied by the government. Clearly this aspect is discussed in the strategic profile of Gleaners in that they feed the hungry in order to lessen the burden or ensure greater reach of items such as food to people. In their annual report (Gleaner Community Food Bank, 2013) report their efficiency of their budget in three important metric (1) Management of which is 1.6%; (2) Fundraising of which is 4.4% and (3) Food and Outreach at which is 94%. The disclosure of an annual report helps to sidestep one of the major failures of a bureaucratic government namely its inability or unwillingness to disclose the efficacy of its benefits

distribution also known as contract failure.

Theory 2

Contract failure

Contract Failure theory suggest that because of the broken contract between the donor and the recipient there exists a need almost a desire for the donor to understand if the monies being donated are also accountable, the goods being of sufficient quality . Because there are two dynamics quality and quantity (Jyh-An Lee, 2012) that if satisfied, promote trust between the donor and the organization. This most likely will be the case if the donor is not receive directly the benefit of their donation (Hansmann, 1987). Gleaners through their communication strategy (also a budgetary aspect) (Laureate Education, 2008) emerge out of regard from contract failure. Politically aspects as a budget (Laureate Education, 2008) suggests that within the political machinations that the distribution of goods and services when governmental assets avail themselves first to voters and less to the minority with little voice such as the elderly, poor and children, Gleaners helps to assist a function of government namely to distribute public goods and services and to build trust from the donors by communicating their mission, strategic plans and their program outcomes.

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Author: Patrick Card **Date:** Thursday, December 4, 2014 10:53:50 PM EST **Subject:** Patrick Card Main Post to Discussion - Week 1

I am currently, employed by the Department of Veterans Affairs, Office of Emergency Management as the Area Emergency Manager for Louisiana. My organizational role is to work with our partners from all levels of government. This includes ensuring that Louisiana and the nation are prepared for a man-made attack or natural disaster.

The Department of Veterans Affairs funding stream is through the United States Congress. In my current role, I serve on the Emergency Management Improvement Funding Professional Advisory Group (EMPI PAG). This group is responsible for allocating approximately 30 million dollars in funding annually. This funding, which is limited redistribution of funds allocated to our agency, from congress used to increase the emergency management capability of Veterans Affairs Medical Centers (VAMC's), across country to meet the needs

of our veterans, during a man-made or natural disaster. “The argument for limited redistribution is that generous support programs will blunt individual work effort and that will cause a loss for everyone in the economy, but a general concern about reducing the sting of poverty generally is more powerful” (Mikesell, p.15, 2014). In an organizational context, my organization encounters the same issue, while some VAMC’s conduct the proper project research, when requesting EMPI funding. However, other VAMC’s did a minimum amount of research and submit unreasonable project request, knowing that some of their projects will be funded, simply to ensure, that all VAMC’s receive some level of EMPI funding. As an EMPI PAG member, the one change, that I would make is to how adjust policy which guides the redistribution of these funds occur to VAMC’s. While on the surface, a reduce number of projects may seem less fruitful, but an increase in the quality with increase our mission readiness and the organization’s financial health. “A government budget, however, reflects choices well beyond those of finance. A congressional agency reports make the point: “Not only is the budget a financial accounting of the receipts and expenditures of the federal government; it also sets forth a plan for allocating resources between the public and private sectors and within the public sector to meet national objectives” (Mikesell, p.90, 2014).

In 2010, the Department of Veterans Affairs contracted with Booze Allen Hamilton, to conduct a Comprehensive Emergency Management Program (CEMP) review for every VAMC in the organization. One of the reason that this organization was choose was the limited number of potential suppliers to meet te demand for this product. Unfortunately the supplier of the product for this endeavor proved to be a costly at about 5 million dollars per year. The cost and intimate knowledge of the Department of Veterans Affairs mission by non-government employee, which cross government boundaries. Due to this evaluation process being “an inherently governmental activity, that is so intimately related to the public interest as to mandate performance by government personnel” (Mikesell, p.90, 2014). By using qualified subject matter experts, from within our organization the government was able to save about 5 million dollars annually, when producing a higher quality service and more clearly defined product. Similarly the Department of Veterans Affairs, has contracted with an web-based product designer, with a health price tag. The product appears to be well designed, but comes with a health price tag. My recommendation, would be to produce the product internal, because it would be more fiscal responsible and the stakeholders would get a better product designed by experience subject matter experts from within the organization.

Patrick

Reference:

Mikesell, J. L. (2014). *Fiscal administration: Analysis and applications for the public sector* (9th ed.). Boston, MA: Wadsworth.

Hi, Patrick.

Thank you for the good post. I generally agree that the three types of organizations, i.e., government, non-profit and public, and for-profit, would not be so much different if we come to consider the fiscal and financial aspect. I see that your recommendations can serve both goals to save from a deficit and to provide a quality product for the stakeholders. On the other hand, I may be submissive that your statement, “an inherently governmental function,” “...the congress also sets forth a plan for allocating resources between the public and private

sectors...” indicates the important role of government in allocating resources and some of binding nature involving a financial decision. Within your responsibility of 30 million dollars budget, what criteria have you developed to distinguish between the outsourcing-feasible goods or services and those to be judged as an inherently governmental function. Respectfully.

Author: Melessa Henderson **Date:** Friday, December 5, 2014 6:35:51 PM EST **Subject:** RE: Discussion - Week 1

This is Melessa Henderson’s Response 1 for Week 1.

Dear Kiyoung Kim,

Your post was both impressive and fascinating. Being from the U.S. and having spent half my career in the corporate sector and half in education what was especially of interest was that you noted “Some will critique an evil aspect in decision making process pointing out a lobbying influence or political corruption as well as the politician’s personal ambition of reelection.” This is my exact concern with “free” meal programs in the U.S. public school systems. Yes, meals to children for free can be a highly beneficial means of fighting hunger and thereby increase educational investment and decrease any number of other social ills. However, the problem is that much of the food served in schools is not healthy, but seems to be food that made its way into the public school system due to lobby interests of corrupt corporations hoping to profit and not really care about the nutritional value of the food to children. As a mother of two elementary school children, I am shocked at how unhealthy, unappetizing, and uneaten much of the food is. Food for children should not be so difficult. Children, when given the limited options to do so, will eat apples, carrots, bannanas, cheeses, pastas, whole grain breads, milk, eggs. Yet, the schools often seem to provide prepackaged foods heavily laden in transfats, refined sugars and flowers, dyes, and other destructive ingredients which are not only bad for their developing bodies but also for brain function.

According to Mikesell from this week’s readings “most politicians believe that the public wants some protection for the very poor and at least some mild redistribution by the government of the result produced by pure operation of the market,” (2013, p. 15). Food for children in schools is arguably one of the most pragmatic and powerful means of doing this equitably. Sadly the lobby process has corrupted and diminished the net gain by infiltrating the school food with unhealthy options. Hopefully schools, food buyers, and food companies would put principles ahead of profit for the sake of the wellbeing of children now and society as a whole tomorrow. It sounds like this struggle is not as unique to the U.S. as I once thought. I hope you have a lovely weekend!

Melessa

References

Mikesell, J. L. (2014). Fiscal administration: Analysis and applications for the public sector (9th ed.). Boston, MA: Wadsworth.

Hi. Melessa,

Thank you for sharing. Both countries had been embraced from same wishes and ideals, but now face challenges from similar adverse factors. I have once heard that the elected officers and policy administrators are an elite with a conscience, knowledge and expertise in their field. I surely agree that they would be more loyal and strenuous for the public works. We can find a general difference from common people in the gatherings or public discussions. They would feature in a fine fashion and be very prepared to present or lead the groups. They often are a most deliberative personality to be concerned of public issues and national development. Oddly in some cases, it is surprising to occasion that they would go as depraved and shocking. Most popular issues for the leaders and elites in the society would be disloyalty to the office and nation, sexual misconduct, indecent manner or behavior in the course of public duty, bribery and racketeering of his office to the impermissible incomes, and biased decision making to increase the reelection probability. Perhaps common people may be dormant to rely on their commitment. And I generally become aware of the importance of civil monitor group to keep watchful of public agendas and key offices in the cause to promote the social justice. Concerning the free meal program, the poor quality of food had long been spotlighted regularly in the news of Korean sources. I see if the US case would not go such further. The budget of national defense is fairly gross in Korea, especially if concerned of its share against other items. The GNP per capita would perhaps be half or two thirds of US, which allows a reaction against the big welfare programs from tax payers. These fiscal environments seem to bring the kind of marginalization to the local governments, who threat the central government that they would dispense the program away. It is exciting that both countries are situated same, but the extent of trouble may be more serious in Korea. Hope to have a pleasant weekend. Respectfully.

Hi. Leanne,

I have enjoyed reading your post. The corruption of public officers would bring a social injustice and public distrust nationally and also can diminish the international attraction in view of foreign investment. A transparency is the kind of principle and standard most implored to safeguard the liberal and fair trade. That would be a domestic ethical code, but the idea turns to be universal that the businesses and industries engaged in the export and import trade may be concerned of it. A transparency requires a deal in regulation based on the rule of law and due process of law. The laws and regulations have to be civilized and clear to understand, and adequate notice and comment should be practiced to protect the enterprises from instability and uncertainties. A violation of transparency principle sometimes can be related with the corruptive officers. The news of bankruptcy of Detroit city was even received here in South Korea, which once was one of national centers with the flourishing automobile production. How do you think if the incidents and related developments would impact on the foreign investment in Detroit city?

Author: Leanne Scalli **Date:** Thursday, December 11, 2014 9:28:34 PM EST **Subject:** RE: Discussion - Week 2

Eskridge, French, and McThomas (2012) described the necessity of teaching ethics in a diverse workforce. Not every worker will have the same ethical values, so it is important to teach the values of the organization to employees (Eskridge, French & McThomas, 2012; Lager, 2009). Integrity based programs that focus on teaching employees to weigh an ethical decision based on the values of the organization have lower rates of unethical behavior among employees (Lager, 2009). Government organizations can implement integrity based programs with a high degree of success because the majority of the workforce is committed to serving the interests of the public (Lager, 2009).

Corruption in Detroit

Prior to the city of Detroit filing for bankruptcy, there was significant corruption in the city government (Baldas, 2013). The former mayor Kilpatrick was convicted on corruption charges and faces prison time for a number of offenses (Baldas, 2013). Investigations are underway to determine Kilpatrick's level of involvement in the financial irresponsibility that led up to the city not being able to make payments into the pension fund (Baldas, 2013). Eskridge, et al. (2012) described an ethics code developed by American Society for Public Administration (ASPA). Public administrators in the city of Detroit can begin to regain public trust by adopting a code of ethics that all city employees will adhere to.

There are eight core principles that ASPA members are expected to uphold (Eskridge et al. 2012). One of those is to advance the public interest. In the case of Kilpatrick, he redirected a significant amount of grant money for children and the elderly, to a contractor that was a friend of his (Baldas, 2013). Byers commented on the fact that avoiding conflicts of interest is a common principle found in organizational codes of ethics (Laureate Education, Inc. 2008e). It was evident that Kilpatrick had a conflict of interest in addition to the fact that he was not interested in making sure that the needs of his constituents were addressed.

Lager (2009) indicated that punishing those who engage in unethical behavior does little to deter others from doing the same. In order to reduce the likelihood of corruption in an organization, the culture of the organization must change (Lager, 2009). The city of Denver is an example of a city government that made changes to the organizations culture, and it became a model for other government entities dealing with corruption (O'Connell & Bligh, 2009). Creating an environment in which communication flows between employees and leadership is key to reducing unethical behaviors in an organization (O'Connell & Bligh, 2009; Lager, 2009). The city of Detroit has lost the trust of the public after years of public scandals and financial instability (Baldas, 2013). A model such as the one used by the city of Denver could help to build the public's trust in city government once again.

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O'Connell, W., & Bligh, M. (2009). Emerging from ethical scandal: Can corruption really have a happy ending?. *Leadership*, 5(2), 213-235.

Hi. Ferron,

Please disregard other response which duplicates your post and was erroneously created.

Thank you for the good post. I suppose the justice enforcement agencies could have more possibilities to be bribed, but generally of small amount in values. The agencies come up with the financial or provisional decision could be vulnerable which would be worse in impact and scale. The mayors or public officers on public project and public contracting would be the kinds. The criminal law theory would weigh the severity of violation on bribery crimes where the kind of de minimis rule could apply to exonerate a kind of small gratuities. In Korea, we also hold the rule that the social nature of small gifts would not constitute a crime while the ethical standard of nation also shares that idea. Without the kind of rules, the society could be barren and bewildering. However, the sanctity of public office is never overstated. In your case, how had the police officers acted to obtain a free food? If the act is of persistent and enduring nature, then it seems serious. Especially if the justice enforcement officer generally creates an impression of influence and control, the course of action seems typically implicating when we decide on the ethical violation. Respectfully.

Author: Ferron Yi **Date:** Thursday, December 11, 2014 1:13:31 PM EST **Subject:** RE: Discussion - Week 2

Ethical Fiscal Matters in Public Organizations

The organization I have selected is a local police department in which I have worked before. Most police agencies have policies set in place regarding bribes and gratuities. In this police department, there was a policy that stated that members of the department would not accept any bribes, rewards, gifts, or gratuities from any person or business. This was to include even items such as food, beverages, loans, promises of services, and etc. This policy is set in place because it is unethical for an officer to accept these things in order to benefit him or herself by using his or her authority. Also, it is unethical to because it can be seen that items or special favors are given to the officer in exchange for certain actions performed during normal official acts, or can influence the officer's judgment or decision.

Accepting gratuities of any kind are several violations of the Code of Ethics outlined by the American Society for Public Administration. The American Society for Public Administration (2012) states that advancing the public interest is important in the way that it is important to "promote the interests of the public and put service to the public above service to oneself" (p. 1). This is especially important because when officers are engaged in situations where they accept gratuities, it is seen as those officers being inclined to treat the business owners different than they would other business owners because of what they gain from the business. Accepting gratuities makes it appear as if the officer does not put the public interest first, but instead acts in a way where since they benefit from the business, the business will benefit from the officer. For example, if an officer goes to a certain business every morning because the business gives him or her free food, it would be seen as an ethical

violation because the officer is not spending as much time at the other businesses and only patrolling the business where he or she is getting the benefit from. Or, if an officer does not make an arrest on the business owner who gives him or her free food although the business owner committed an arrestable offense. Although the officer does have discretion, if that discretion is dictated by the gratuities he or she accepts, it is a blatant violation of ethical conduct.

At my former agency, there was an issue of officers going to a local restaurant who would allow officers to eat for free when they were on duty. The officers would go inside and eat their meal and leave. Although this restaurant did this for all public safety, there was one officer who would go through the drive-thru and attempt to get free food to take home with him for his entire family. This was seen as not only an ethical violation, but as an embarrassment to the agency. The agency addressed this issue by increasing the amount of training that was done regarding not just ethical issues regarding gratuities, but other issues like sexual harassment and etc. By doing so, the other officers not only saw how serious the agency was by abiding by the policy, but it was constantly in their mind that ethical violations were taking place and that they would not be tolerated.

Resources

American Society for Public Administration. (2012). Proposed code of ethics. Retrieved from <http://www.aspanet.org/public/ASPADocs/Principles%2012-09-10.pdf>

Mikesell, J. (2014). *Fiscal Administration*. Boston, MA: Wadsworth.

Hi. Linda,

Thank you for the excellent post. The conflict of interest or appearance of impropriety is one of essential area that the public administrators or corporate officers should take a care. In the commercial laws, we can see an original idea, say, duty to disclose, duty of loyalty and accounting and reporting requirement who acts as a fiduciary to the principal. In the court procedure, some judges shall abstain from the responsibility as a matter of statutory law. Some specifics on procures generally would be prescribed over the jurisdictions. Do the Hawaii laws or departmental practice have any procedural details that the tax officer should take a step to resolve his or her ambiguous position on tax appraisal? Respectfully.

Author: Linda Swallow **Date:** Thursday, December 11, 2014 10:09:12 PM EST **Subject:** Discussion Response by Linda Swallow -

Hawaii County is one of five counties comprising Hawaii state. The remaining four counties are Honolulu, Kauai, Maui, and Kalawao, although Kalawao (located on the island of Molokai) is under the sole jurisdiction and control of the state department of health because of its history as a leper colony (Ballotpedia, 2014). Composed of a legislative, executive, and judiciary branch, this seat of government is primarily located on the east side of the island, in Hilo.

Hawaii is the newest state to join the United States, having become a state in 1959. By 1963, the state legislature directed each county to establish a charter commission and draft appropriate charters. In 1969, Hawaii County's first charter was

adopted, which served as an interim constitution of Hawaii government, and also provided the basic framework for the county's organization (Hawaii County Charter, 2014). The Charter lays out the powers of the county, the scope, functions, and duties of the different branches of government and different departments. It also lays out mandatory financial practices. Article 14 discusses the County's code of ethics.

Conflict of Interest

On January 9, 2014, the West Hawaii Today reported that the finance department had violated the ethics code when it allowed two staff tax appraisers to set the tax value of their own property. An individual who testified at the hearing stated that this has been the practice since the inception of this particular program when it was under the state's authority, and continued when the responsibility was transferred to the county in 1981 (Lauer, 2014). Even though the Finance Director claimed in defense that these tax appraisals do not directly affect the individual appraiser's property, the board of ethics (board) reasoned that the values set by appraisers on neighborhoods directly affects the appraiser's own property, and continued by saying that property values can be manipulated up or down for a variety of reasons (Lauer).

According to Jacqueline Buyers (Laureate Education, 2008e), avoiding conflicts of interest, or even the appearance of impropriety, should occur at all times. Hawaii is not a member of the American Society for Public Administration (ASPA). Its code of ethics is outlined in the Charter. However, the Finance Department violated several principles in both the ASPA and Hawaii's stated codes.

For example, the ASPA suggests that a public servant should at all times consider the full range of relevant standards and values that pertain to any matter, action, or inaction, and as such should be committed to upholding both the spirit and the letter of the law (ASPA, 2013). The 2013 ASPA also promotes democratic participation by the public, in which all matters are open and transparent, and understand that they are dealing with the public's business, and the public has a right to know about that business.

Furthermore the Hawaii County Charter (the Charter) explicitly states that a public official should not partake in any transaction that might reasonably be incompatible with the proper discharge of their duties, or impair their judgment as a public servant. The board does not have any power to institute sanctions or other penalties, but can make recommendations to the agency head, which it has done (Lauer, 2014).

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Hi. Regina,

I enjoyed reading your post. Your post seems to compress sophisticated public philosophies into one stigmatic illustration. The problem of disabilities and equal opportunity are a point of highlight where the public ideal and market corrections interact in ways. In terms of cost-benefit analysis, who are willing to restore a substantial justice between two different classes? The cost and benefit analysis is traditional criterion on which the private actors determine their option, choice and preferences. This idea has infiltrated the public sector, and the fiscal administrators could now suffer from this challenge. A privatization or initiative to transform state or city enterprises into any of independent business entity, perhaps most salient in difference in terms of the fiscal autonomy and independence, would be a prevailing symptom between the publicity and entrepreneurship. One recent incident was appalling in Seoul that a CEO of the city philharmonic had abused the human right of organizational members. The Philharmonic had been managed on the concept of public good, but were pushed into any profitable value of organization. The CEO, a mid age female and Harvard educated sociologist had built a rich career as a business manager of such competitive global business, Sam Sung before she assumed the current position in 2013. A screaming noise to pejorative on her workers was aired from the videotaped evidence that the public has been shocked how it is so demeaning. She is certainly one of very business-driven minds from his career path, and the pejorative words also corroborate to imply her affection. She is now contentious around a final authority (city mayor) and professional leader of organization, Myung-hoon, Chung, one of world renowned consort in music. This sad story plainly reveals a distortion of modern professionals, who should be both ethical and profitable. The intensive drive for fiscal sustainability could ironically lead to the abuse of human rights, which is perhaps a thought of origin and frame like the disability act. Now Seoul citizen would be disgusting how we could enjoy the welfare of music, one component of modern human rights. One other problem leads us to the question why the CEO could not stretch, but to be bound by the authority of mayor if the Seoul Phil was privatized or turned into any soft nature of public business. If she continued on the managerial role in private businesses, could we prank on her misdemeanor? Perhaps we may retract, "that is theirs, all their destiny irrelevant with us." Seoul Phil would not be so, which is public although the minds of profitability may substantially be controlling. In your case, is there any sanction stipulated on the city government if it is not compliant with ADA regulations? Respectfully.

Author: Regina Rogers **Date:** Thursday, December 18, 2014 3:33:31 PM EST **Subject:** Main Discussion Post

The American's with Disabilities Act (ADA) of 1990 prohibits discriminating against persons with disabilities in employment, services provided by State and local government, public

accommodation, commercial facilities and transportation. The law also mandated that the TDD/telephone relay services be established. Essentially the law safeguards equal opportunity for all persons with “qualifying” disabilities (United States Department of Justice Civil Rights Division).

I remember the ADA having a significant impact on my alma mater Missouri State University (formerly Southwest Missouri State University). I arrived on campus in the fall of 1992 and they were working diligently to get all of the decades old buildings compliant with the legislation. There was so much to do including building ramps, widening walkways, and even modifying the sidewalks so those in wheelchairs could maneuver more easily. During that time there were approximately 17,000 students enrolled so this is not a small university with a handful of buildings. At the time there were 8 dormitories alone not counting all of the educational and administration buildings. The price tag for all of the modifications was quite substantial. So I can imagine the tremendous fiscal impact of the law on the local government of Springfield. In 2001 a complaint was filed against the city of Springfield because the city was not compliant in several areas as it relates to the facilities and buildings in and around the city (United States Department of Justice Civil Rights Division, 2001). The complaint which reached a settlement on September 10, 2001 outlined the details of the city manager agreeing to modify several existing public buildings including the courthouse, police stations, polling stations, the municipal building, to bring the building into compliance with ADA regulations (United States Department of Justice Civil Rights Division, 2001).

The settlement dictated that the City of Springfield would have a certain amount of time to bring all of its facilities into compliance with the law. I could not locate any information that confirmed whether or not the city had funds in place to make all those modifications at the time. If what Jacqueline Byers said regarding typical public budgets (Laureate Education, 2008d) was applicable to the City of Springfield, I am certain the City Manager did not have funds in place earmarked for those projects which would have forced the City to raise the capital at the last minute causing a financial strain on the city budget.

Overall the impact of the law is a positive one as it guarantees disabled persons equal opportunity to receive employment and services. The only negative impact I see is that it would have caused a financial hardship (at least short-term) because those budgetary items were not planned. That would have affected city and state budgets as well as private businesses and non-profits as well because they too must be ADA compliant.

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Hi. Blanche,

Thank you for the informative post. As Mellosa commented, the idea of UNBS is fairly analogous with the UCC of United States. The difference seems to lie that the UCC is a private commercial law while the UNBS mandate is on the public law to regulate the government agencies. UCC seems generally be irrelevant with the fiscal administration except when it performs the commercial activities. In any case, I generally agree on Mellosa that the uniformity would serve squarely. Generally free traders, especially the international thinkers would not prefer the kind of government practices, such as technical specifications and national standards. While it consumes a national budget and incur expenditures, we may have a time to evaluate its public good. For the developmental states, such as Uganda and east Asian states, the government activism is necessary to create a basic condition of national economy, such as infrastructure and seeding of key industries. For the developed countries, we need to concern if the mandate would be the kind of disguised protectionism to set a barrier on the export and import trade. In both cases, the fiscal administrator can generate a national public good through the mandate, but the second case would set off such goodness since it disadvantages on the international stakeholders or public. I may call two cases, permissible mandate and prohibited mandate each, and lastly for sea of other mandates, actionable mandate, since it could be scrutinized from many viewpoints or authorities. Do you have any reported incidents imbruing with political figures or national leaders who exploit the mandate to his private interest or some possible corruption? Respectfully.

Author: BLANCHE KAIRA **Date:** Thursday, December 18, 2014 3:10:25 AM EST **Subject:** RE: Discussion - Week 3

DISCUSSION

Mandate Laws and the Governments That Impose Them

The Uganda National Bureaus of Standards (UNBS), is a ‘national standards council which was established as a semi-autonomous body by an Act of the Parliament of Uganda, in 1983’ (UNBS, 2012). The UNBS mandate is to “develop and promote standardization; quality assurance; laboratory testing; and metrology to enhance the competitiveness of local industry, to strengthen Uganda's economy and promote quality, safety and fair trade’ (UNBS, 2012).

The effect that the mandate has had on budgetary operations of Uganda is broad: First, it has led to increased government revenue collections from the business community, thereby contributing to the national GDP. When the increased revenue was been found to be consistent with regard to amount and timeliness of receipt, then the government started predicting its continued realization based on the evidence-based findings that the goods and services were anticipated to continuously be highly demanded by the Ugandan population (UNBS, 2012). Consequently, government budgeting has always incorporated the anticipated revenue from the said business community, into its budgeting process. Second, it has led to increased quality of services to the people; Third, it has led to led to the increased value of goods and products on the market, leading to better pricing goods and products; Fourth, there has augmented the growth of the private sector and encouraged strong, sustainable and healthy competitiveness amongst producers, processors. Subsequently, this has led to the opening of international markets for products that meet the stipulated international standards, by product specification (UNBS, 2012). Fifth, the UNBS mandate has led to the protection of ‘consumers against substandard, shoddy and hazardous products’ (UNBS, 2012).

The impact of the UNBS mandate is wholly positive, benefitting all the stakeholders: the producer, processor and consumer in Uganda (UNBS, 2012). This is because, on the whole, the mandate has led to the increased socio-economic well-being of the Ugandan population (UNBS, 2012). This has been achieved through the implementation of the mandate: ‘market surveillance to rid the market of dangerous, shoddy and substandard and counterfeit products; provision of information and technical advisory services to industries to enable them meet quality and standards requirements; provision of technical assistance to industries so as to improve on the quality and safety of their products and services, and; quality auditing and inspection of goods, with the aim of quality marking or certifying products that conform to Uganda Standards specifications’ (UNBS, 2012).

Conclusion

Mandates are necessary to ensure tangible and sustainable development within a government through stipulation of guidelines and regulations (Mikesell, 2014). It is in the interest of a given government that mandates are issued, a lack of which would subject a government to various loopholes and pitfalls that would deter development (Mikesell, 2014).

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Dear Blanche

I enjoyed your post. While reading about the UNBS, my thought was that it seems to parallel at least at the policy level with the U.C.C. in the United States. The U.C.C. is the Uniform Commercial Code and it governs the sale of goods, as opposed to services, in the U.S. As I understand it, the U.C.C. is a policy which is the proverbial "tide which raises all ships" in that by having a uniform code regarding sale of goods then goods can move more freely and less costly across state lines. This thereby increases competition and quality while driving down prices. Does that seem to be the policy goal of the UNBS? Or is there a better comparison in U.S. law.

Hi. Lawrence,

I enjoyed reading your post. We often think that the fiscal stress is interwoven with the social welfare and second generations of human right. Your illustration evinces the classic liberty and personal freedom can still incur the issue of affordable government. We may say that the right to safety or security is one of a bundle of new human rights, however, we normally do not take them from the kind of police or detention officers. Your dilemma from the tremendous expense seems obvious. If you are a fiscal planner, how do you overcome that? Do you propose other alternatives, such as education and training program, which might be a little cheaper? How could your suggestion be made voiced between the mandate and new dealings? Respectfully.

Author: Lawrence Wiggins **Date:** Thursday, December 18, 2014 8:51:45 PM EST **Subject:** RE: Discussion - Week 3

The mandate in question comes from a recent executive order by the President of the United States. In the wake of the recent protests and questionable use of force by some police officers the overstated public perception of a need for more body cameras was finally heard in Washington. By executive order the president created his 21st Century Policing Task Force which will work with state, local, and tribal police agencies so that best practices can be determined for police operations (Obama, 2014). Other goals for the task force include crime reduction and ways to build trust between communities and police agencies.

Findings from the task force will more than likely include the recommendation for the implementation of body cameras by local police departments. The budgetary issues come from various angles with the body cameras alone let alone additional recommendations. With the average price tag of approximately \$200 the implementation by small to mid-sized departments is almost impossible. Associated with the cost of the cameras is the data storage for the videos and depending on what the recommendations are as best practices for retaining camera footage data storage can be extremely expensive. Most agencies operate on a operational budget only and get big ticket items through grants. With that said this new mandated taskforce can cause, through its recommendations, undue fiscal stress on smaller police agencies without a large tax base.

Obama, B., 2014, Executive order, retrieved: <http://www.whitehouse.gov/the-press-office/2014/12/18/executive-order-establishment-presidents-task-force-21st-century-policin>

Hi. Lawrence,

I enjoyed your post. The kind of organization generally would not be incongruent that shares a common trait in finance and budgeting. I suppose if it is not an independent financial unit, which would not exercise a financial choice or budgetary decision making. Otherwise it would only be empowered to prepare their own budget proposal that should be approved by higher agency or state government. If this is not case, which entity would ultimately be responsible for the civil damages if an individual officer is not rich enough to pay it? Respectfully.

Author: Lawrence Wiggins **Date:** Friday, December 26, 2014 10:23:05 PM EST **Subject:** RE: Discussion - Week 4

The governmental organization utilized for this discussion is that of a sheriff's office in South Carolina. This organization is responsible for providing full service law enforcement activities for just over 150k residents. This sheriff's office also supports two middle sized municipal police departments as well as the county detention center. The sheriff's office biggest assets is its employees; however, one of its biggest internal factors and that can impede a successful implementation of a financial plan is also its employees. The sworn law enforcement officers must operate vehicles which sometimes end up damaged. Also the officers must meet and interact with the public, which is not always positive and can lead to civil litigation. Recent incidents as well as old ones have the potential to end up in civil court and to influence the biggest external factor to the successful implementation to a financial plan.

The biggest external factor for implementing a financial plan is the funding source or, the county council. Political climates can hamper or encourage growth of any governmental agency at any level. This sheriff in particular has managed to keep the county council on good terms thus, his financial plan is often void of opposition. The political climate is of critical importance due to how funding for the sheriff's office performed. Thus for this local sheriff's office is people and county council are its biggest factors for the successful implementation of a financial plan.

Hi Adam.

Thank you for the informative posting. I generally agree that the education and training require much of extra expenses and that the high rate of employee turnover exacerbates the problem at least purely from the financial perspective. It also seems precise that the injuries to visitors or employees would a potential source for financial disaster. I suppose that CHC is a huge organization similar to the local government. In that case, employee turnover may be necessary to promote a system operation or to prevent a possible corruption. I consider it would not be same to small organizations who have to be pressured by educational cost. The unexpected incidents, which possibly devastate the organization financially, can be guaranteed from purchasing an adequate insurance. For this type of organization, I suppose if it could be assumed and incorporated in the budgetary process. A general layout in the public record and documentation, such as sheet of balance or business operation, would include these kinds of components, i.e., employee training cost and insurance fee, as a normal expense. How do you find a strategy of CHS concerning these problems, especially in view of organizational size? Respectfully.

Author: Addam Wood **Date:** Thursday, December 25, 2014 10:45:44 PM EST **Subject:** Addam Wood Initial Post Discussion - Week 4

For the nonprofit organization, I chose for this particular assignment was Carolinas HealthCare System, which is located in North Carolina with the headquarters located in Charlotte. This health care organization is one of the nation's leading and most innovative healthcare organizations, and provides a full spectrum of healthcare and wellness programs throughout North and South Carolina. (Carolinas Healthcare System) This organization has over 60,000 full and part-time employees and over 7,460 licensed beds, which included many preferred facilities such a Levine Cancer Institute, Levine Children's Hospital, The Transplant Center, and many others. (Carolinas Healthcare System)

When looking at internal and external factors that influence how an organization functions and the development of a well layout strategic financial plan these organizations have to be very careful. One of the largest external factors to influence this organization is the Affordable Health Care Act, which imposes new regulations for health care record keeping and making the health care record available at a touch of a button. The regulation changes require that all health care facilities use a form of electronic documentation, thus giving access to those who have authorized access to view such information. In addition, this record will be made available across the nation in order to

provide life saving measures with the correct information available. For this larger health care organization, this became a huge endeavor when providing new personal computers for all staff to document on and allowing for the freedom of travel with in the facilities. These departments make budget requests for technology enhancements to get their technology request approved, thus adding a change to the financial plan by an external force. (Casey & Seay, 2010)

When talking about internal factors, there are many different ones that can play a role in such a large organization such as Carolinas HealthCare Systems, one of those internal factors is employee turnovers. This type of internal factor can cause a budget crisis when looking at how much it cost to train new employees over a 6-week period for a minimum orientation period. When considering that most clinical staff needs further education in certain areas, these extras are accounted for in the budgets of each department. Financial managers begin looking at why there is a turnover in these departments thinking that leadership commitment is not present. "Leadership commitment means more than talking about performance. Employees will notice if words are not accompanied by the commitment of leadership time and organizational resources to performance management efforts." (Moynihan, 2012) Along with employee retention as an internal factor, one must also consider with a health care facilities, injuries to patients, employees, and visitors. These are financial disasters in the health care industry because they can cost millions of dollars in attorney fees, rehabilitation fees, and medical expenses for the hospital organization itself. These types of expenses are not accounted for and can damage any budget during the fiscal year. Adequate training to staff, education to both the patient and the visitors who grace the premises on a daily basis can eliminate this potential disaster.

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Hi. Stephen,

I have enjoyed reading your post. It is excellent that such great organization contributes to the welfare of community. Often we think about the incentive problem when we discuss the kind of Guild institutions, namely, corporations, solo businesses and other professional organizations. Another issue involves an ethics of leadership, which can be embroiled from fiscal and accounting practice. Nevertheless, I consider that the kind of organizations as LINC would be some of idealistic mode of co-existence. Some critique views that the less

investment and unnecessary accumulation of capital in the advice and consults of technocrats or experts certainly could distort the free market. Hence, I believe that the new strands of entrepreneurship seem vital to maintain or prosper. It is also amazing that the non-profit organizations grounded on the spirit of humanitarian and social ideals may be larger in number than other allegedly social ethics of countries including my homeland, Korea. Why do you think those organizations are affluent in USA in terms of incentive problem or in the shoes of financial experts? As Melessa implies, the gentrification or areal disparity in income and economic welfare may be a factor in consideration of LINC. How do you perceive the morale of leaders and followers if it serves the affluent group or if it does the poor region? Do you think the service of LINC would be purchased by the class of well beings? Ultimately, what do you think more powerful to affect the leadership, i.e., financial gains and accumulation or spirit of leadership?

Author: Stephen Wedgeworth **Date:** Thursday, December 25, 2014 7:43:16 PM EST
Subject: RE: Discussion - Week 4

The non-profit organization I've selected to discuss is the Greater K.C. Local Investment Commission (LINC) based in Missouri. It is a community based partnership that facilitates efforts by Missouri state to liaise with leaders in the neighborhood and other citizens, entrepreneurs, labor as well as civic leaders with the aim of improving the children's and families' welfare in three counties of Missouri namely Platte, Clay and Jackson alongside the city of Kansas. The main objective of LINC entails creation of better communities by establishing stronger social institutions such as families, schools and neighborhoods (LINC, 2014). This organization is highly successful when the performance of staff members with the youth is excelling. An internal factor that might impede the non-profit organization LINC from developing successful financial strategic plan could be staffing and training. The knowledge, experience and capability of an organization's workforce are a determining factor of success. For this reason, organizations, engage in the training of staff and volunteers to build the organization's capability. In pursuing training strategies, an organization is often limited by its financial strength. Another example of an internal factor could be organizational assets. The availability of school equipment can significantly impact LINC. If equipment is in short supply or not of the expected standard, then staff may be hindered in the performance of their duties, and this could affect customer (parents) satisfaction. One example of external factor that might impede the non-profit organization LINC from developing successful financial strategic plan could be demographics. Demographics are very important to this non-profit organization because it centers around, growing communities not declining communities. Demographic changes could include suburbs which were once dominated by young families but now have few. These demographic changes can have a significant effect locally. For example, public schools which once prospered have closed due to decline in the local area resulting in less and less children. This non-profit organization works through public schools. LINC can overcome both internal and external factors by accessing their internal and external stakeholders. Stakeholders such as the owners and managers could possibly outsource training, gain grants, and provide public events to grow the community.

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Hi. Thaddeus,

I enjoyed your post. Your idea might be exactly the one which we utilize in accounting theory. The assets would equal the capital and debt. And the budget includes equal share between the revenue and expenditure in balance. The business paper also shows the result of annual operation in balance reporting the income or loss and some tax information. The focus seems on how we find a fiscal deficit or general way of revenue raising. Perhaps printing a more currency or issuing national debt bonds would be subject to inquiry for the balanced mind of budget planner. How do you see the general way of revenue raising be conceived? Besides a taxation, what do you include the sources of government income as general other than debt? Respectfully.

Author: Thaddeus Mitchell **Date:** Friday, January 2, 2015 3:14:20 PM EST **Subject:** RE: Discussion - Week 5

From my position, in a perfect world, a balanced budget would have no deficits and no surplus. But realistically thinking, I find that a balanced budget would have a surplus and a deficit that would cancel each other out. For example, if I'm looking at a dashboard, I would be looking at the figures for deficits and surplus. If there is a deficit of -5, I will be looking for a surplus of +5 or +6, which would leave a difference of 0 or 1. This is how we view and consider the budgets at some of the agencies I have worked at in my home state. By showing a difference of 0 or 1, this would relate to government spending being on par, and the cash flows would be even. There would be no deficit, which is what you'll usually shoot for, and maybe a little surplus, which is always good for states to have in this day and time.

Hi Valeta,

Thank you for the excellent post. While the state budgets are mostly balanced, you implied that the federal government might likely be enormous beyond the normal fiscal concept. I agree that the fiscal issue of federal government seems to be received as part of world economic issue. At the state level including a small nation-state, the fiscal deficit generally is with less than highlight and also less unlikely. For example, Korea is world 11th economies, but still never of fiscal criticism although the increase of tax and congressional resolution of next year budget could even be physically fought. Since Korea is small and one of developed countries, one economist advises Korean modality would be north European in terms of state engineering. I also agree if the spending of US federal government could affect the world economy positively although there would be no case, as a matter of logic, of US governmental service for foreigners. The interesting guess is if the US debt would further increase as corresponds with the normal rate of inflation? One other question is which state do you like to praise as a model of fiscal administration? Respectfully.

Author: Valeta Wilson **Date:** Friday, January 2, 2015 1:44:53 AM EST **Subject:** Main Post

Post a description of your position on a balanced national budget.

Ideally, a balanced budget promotes future economic growth (Padilla, 2014) and is highly preferred by the federal, state and local governments. A balanced budget measures the fiscal health of the government and demonstrates the financial officers' ability to manage spending costs. A balanced budget is simply having expenses not exceed revenues or revenues equal

expenses. Despite the simplicity of a balanced budget, it is a complicated and difficult process from government entities with a larger operating budget. For example, it would be difficult if not impossible for the federal government to balance the United States national budget of several trillion dollars. With the enormity of the U.S. national budget it becomes impossible to estimate budget shortfalls and surpluses during the budget process. Unpredictable political, environmental and economic conditions attributes to the budget deficit and ultimately high national debt. These factors would increase U.S. spending as the superpower country drives the world's economy.

Justify your position for or against a balanced national budget by explaining the gains and losses associated with your position.

Whilst a balanced budget is not ideal for the federal government, this type of budget is the most feasible for state governments. Almost every state have a balanced budget (Ives and Calabrese, 2011) because of the different financial and budgetary advantages. Paradigms about a balanced budget will differ, but a budget that is actually balanced would eliminate budget deficits and increase surplus. For example, a balanced budget forces the government to operate within their means (Ives and Calabrese, 2011) without a deficit. Government savings would simultaneously increase as interest payments of the government's obligations would also be lowered. With revenues higher than expenses the government would experience a surplus to be used to create a cash reserve and for investments. A balanced budget further reduce government waste and deter government officials from pushing projects after the budget's approval. Despite the benefits of adopting a balanced budget there are certain weaknesses associated with this budget type. A major disparity is that a balanced budget could be counterproductive in stabilizing the economic and reducing the national debt. A balanced budget does not allow for additional spending and therefore, recession induced factors could increase the deficit. Overall, an effective balanced budget supports the government financial sustainability for years to come ("Achieving a structurally", 2012).

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Hi. Magaly,

I enjoyed reading your post. You bring some bitter point, that the outsiders of US economy be minded to perceive the wake of fiscal deficits in US. Is it the nation of due diligence or the kind of question if American people are lazy? The tax source of revenue is conventional to raise the expenditures of government. Less tax source, insufficient to satisfy the expenditure, would mean that the people are lazy not to subsidize their own public need. As you hinted, the couples might suffer some destiny, but the nation generally would not go such farthest. Instead, the international idealism could compel to increase a national debt, for example, engaging a warfare or peacekeeping operation. You reminded of fiscal discipline from Mikesell, implicating an interdisciplinary wisdom if we are a war or diplomacy student. However, it perhaps would be merely a oneness that many factors and cross power games would actually govern the budgeting process. How do you see the partisan view would be of tax issue, for example, increase of corporate tax? Respectfully.

Magaly Arthus

Main Discussion Week 5

Week 5

The public and private sectors operate under different in their budgetary uses and allocations. One point of contention is determining whether or not and how to balance the budget. As couples begin their home life, they quickly learn the importance of balancing their budgets. The national budget should be balanced. When left unbalanced, deficits are more frequent and control is less likely. As Mikesell reminds us, the “expectation of a budget process is that it will be a tool for fiscal discipline” (Mikesell, 2014). A balanced budget will, in essence, zero in on deficit targets, call for budget restructuring to avoid further deficits while addressing current deficits, and will require close monitoring of funds. There will be repercussions if the budget is balanced. There may be severe cuts to reduce spending, as we have seen time and again. For instance, it is unfortunate that one of the first areas to suffer from budget cuts is education. Some of the most critical points in a budget will suffer the most. Another drawback is the ability to borrow money from other entities and countries, which would increase the deficit and be counterproductive to being fiscally responsible. As final drawback would be an increase in taxes (AJC, 2011) and even a decrease in services and aides received. One of the quickest ways for the national government to increase revenue is through taxes. As such, balancing a budget and dealing with deficits can have what citizens might consider to be a negative consequence.

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Mikesell, J. L. (2014). *Fiscal administration: Analysis and applications for the public sector* (9th ed.). Boston, MA: Wadsworth.

Hi. Dr. Saye,

Thank you for reading my post. The introductory statement had been excerpted from the annual budget document prepared by the school officers. Hence, it is an intra-organizational production, which is private in legal treatment. The falsification would incur a less penalty as a matter of criminal law since it is neither a governmental nor public nature of document in terms of the criminal purpose. The private universities often replicate the forms and terms as similar from the acts and regulations of government, which makes it look like original legislation. In hierarchy, the introductory statement would come later behind the congressional act, government regulations, statement of direction from the education department, and Charter of CU. It, therefore, guides a trending profile of CU budget, its strategic focus, and priorities that affects the allocation of resources. It would differ that the acts are generally a structural authority if without any strong demand of reform. The introductory statement would be the kind of keynote to provide a comprehensive view of budget and finance. Let me say a bit for your first comment. Although it is a foreign source, I suppose it could well be equal with the US budgets in method and principles. The budget sets have to be prepared according to the accounting statute, regulations and GAAP. The accounting system of Korea is advanced as same with the US and other developed countries in terms of standard, basic principle and rule as well as professional system. Korea administered a highly competitive CPA exam, which is the basin to create a US nature of public audit and accounting. The acts also require that the CPAs should attach an opinion to the annual accounting of public and private organizations. It would be no surprise that the service of public accounting would be any most of facile area in terms of uniform deals if we know the WTO codification process of service sectors. While the legal and medical services had been contended with disagreement and many subtleties, the sector was first to establish the Appendix for the unabridged flow of service provision over the nations. Respectfully.

Author: Lisa Saye **Date:** Friday, January 9, 2015 8:54:52 PM EST **Subject:** RE: Discussion - Week 6

Thanks for your very thorough summary Kiyong,

Looks as though the Introductory Statement reemphasizes the enabling statute (original legislation) which helps to set the parameters for the system itself.

Dr. Saye

Hi Casey,

I enjoyed reading your post. I agree that the stakeholders could be gotten much sensible with such comparison over the years. I experienced same in my organization that the documents show a trending diminishment and requires some critical strategic response. Is your organization practicing a participatory budget if local people could voice their opinion or comment? I also am interested in the final approval of budget in terms of supervision. We, Korea, manage the system that the biggest local governments, such as big cities and provincial governments, are ultimately responsible for the police administration. They act by organizing the independent commission to decide important agenda of local police. The head of local governments and local assembly would engage in budget and financial process. Whom does the Police Department need to contact or ask for negotiation or discussion to increase such amount of budget? Respectfully.

Author: Casey Moss **Date:** Thursday, January 8, 2015 3:45:03 PM EST **Subject:** Main Post

For the purpose of this discussion I will be discussing the budget of a small local law enforcement agency, the El Cajon Police Department. The El Cajon Police Department serves an area of 14.4 square miles and serves a population of approximately 100,460 (City of El Cajon, 2014). As of 2014, the department has approximately 120 sworn personnel, and one station (City of El Cajon). The CAFR will be referencing is their annual budget for the year 2013.

Mikesell (2014, p. 46) refers to a budget as a “financial plan that carries forward the financial implications of carrying out a particular planned response to the anticipated operating conditions in a future period, normally a year.” When creating budgets, it’s pretty standard to include the information for the upcoming year, the current year, and the previous year (Mikesell, 2014, p. 53). The ECPD budget does so by showing the two previous years, 2010-2011, 2011-2012, 2012-2013 (current), and 2013-2014 (proposed) (City of El Cajon, n.d.). The proposed budget asks for approximately \$703, 658 more than the previous year in the general fund (City of El Cajon, n.d.). This is due to an increase in officers and the creation of a new proactive Bike Team that made over 500 arrests and wrote over 430 citations in one year (City of El Cajon, n.d.).

The budget also brings up the city’s outreach program called the “Project” (City of El Cajon, n.d.). The Project “involves ongoing collaboration with all stakeholders in problem solving and education programs. Working with community members, schools, various City departments, community based organizations, business members and other law enforcement organizations we meet regularly to strategize problem solving practices” (City of El Cajon, n.d.). The Project has won the department two “significant” awards for their effort in strategic planning and community relations (City of El Cajon, n.d.).

The El Cajon Police Department’s budget tells stakeholders that it’s making an effort to improve police-community relations. It tells stakeholders the department’s goals, for instance, “manage police resources in the most efficient manner possible while ensuring public and employee safety” (City of El Cajon, n.d.). The budget explains why it calls for more funding than in the previous year and backs up the request with evidence of success in the programs needing more funds (City of El Cajon, n.d.). Overall, the budget is pretty extensive and due to how it justifies expenditures, seems pretty valuable to the organization. The budget is valuable to stakeholders because it maps out the plan for the next year while depicting the previous years. Further, the budget explains increases in funds and reports the results of inner-department projects and units (City of El Cajon, n.d.).

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City of El Cajon. (2014). *El Cajon Police Department*. Retrieved from: <http://www.elcajonpolice.org>

Hi Sharon,

Thank you for the good post. The education service is very contentious that closely relates with the need of households. Local school administration here in Korea would be treated as special jurisdictions that require an independent election from general local governments. Hence, the authority is separate and educational decisions should be made by elected educational specialists, who practically could only be elected in such election. Professors, high school superintendents, and career attorneys historically occupied a head position, which, however, could never come easy because of popular controversy and disagreements. Interestingly, the finance and budget had fueled many challenges and grievances, which, I consider, arose due to separate authorities between the educational decisions and financial ones. Often heads of general local government and local assemblymen would take more care to realize a less taxation and small budget. That would not be so for the case of local educational head. Free meal program in the Seoul Educational District vividly discloses such intergovernmental conflict in the past years. How was your system in Los Angeles city? Respectfully.

Author: Sharon Rose **Date:** Friday, January 9, 2015 10:50:53 PM EST **Subject:** RE: Discussion - Week 6

A CAFR (Comprehensive Annual Financial Report) is an in depth and thorough presentation of a public organization's financial condition. This document reports on the organization's balances and activities for each fiscal year (Mikesell, 2014). For this paper, the specific CAFR that will be reviewed is the 2012 Los Angeles County Office of Education (LACOE) CAFR. The Los Angeles County education office was founded in 1852 when California became recognized as a state. The office offers coordination of educational supplies and programs, and administrative and professional assistance to 80 K-12 school districts that educate about 1.7 million students. Presently, there were no boundary changes in the course of the fiscal year (LACOE, 2012).

The LACOE's CAFR is particular in financial substance. In addition, it presents fairly the overview of the financial position and activities of the LACOE for the fiscal year that culminated on 30th June, 2012. The LACOE's CAFR is presented in 3 sections i.e., the introductory section, which includes transmittal letter, the financial section, which includes the independent report of the auditor and contains discussion and analysis of the management etc., and statistical section, which includes additional financial, demographic, and economic information. The aim of the analysis and discussion is to explore the education office financial performance. Among the key highlights of the 2012 fiscal year is that the Education Office's total net assets, following restatements, reduced by \$32.9 million for the fiscal year which ended on 30th June, 2012 (LACOE, 2012).

The CAFR is very important since accounting and budgeting are principally vital for any government body. Anyone with the capability to make decisions that relate to the existing body should have the basic understanding of accounting and budgeting. Therefore, LACOE's CAFR for 2012 aids districts function more efficiently as well as put more resources where they matters most i.e., into the classroom.

Reference

Bizzer Professional Training. (1999). *Understanding financial statements*. Retrieved from <http://www.bizzer.com/images/Financial/>.

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Hi Robert,

I enjoyed reading your post. I agree that the entire nonprofits seem not same over the issues of finance and budget. For example, the governments may borrow issuing a governmental bond and the corporations would utilize the capital market to borrow and finance, such corporation bonds or new stocks as prescribed within the commercial code. Nevertheless, I am not sure if the non-profits other than governmental entity could be empowered to issue a bond legally and in the name of organizations. Perhaps the only way would be to borrow from a commercial bank and vast resources to meet the budget would arise from the donations or trusts and foundations of organization. The commercial bank probably would not be sanguine to lend to the non-profits or public organizations, which normally would be without any profitable as well as credible business plan. As you envisioned with a new business venture, what is your strategic focus to persuade the investors or lenders? Respectfully.

Author: Robert YslasJr **Date:** Wednesday, February 11, 2015 8:26:36 PM EST **Subject:** RE: Discussion 2 - Week 11

Final Reflections

Mikesell (2014) offers budget process as working hand in hand with the actions and activities of an organization. Having had decades of volunteer experience with a nonprofit organization, it was interesting to note the flexibility and the limited restrictions placed on these types of organizations as opposed to government agencies (Mikesell, 2014). Keating and Frumkin (2003) echo these concerns as it relates to financial scandals of the past and the continued mismanagement of others in the present day. However, the entire nonprofit concept is not without its own reporting as many must submit their respective financial reporting forms, such as the Form 990, to the Internal Revenue Service as well as provide supporting documentation of the organizations activities and budgets (Keating & Frumkin, 2003). I can honestly say that what was discussed in this course opened my eyes to the involvement financial administration has to developing an organizations activities and the necessity to consider its various elements in both short-term and long-term planning.

While conducting research for my specific nonprofit organization, as it relates to the premise of the final paper, I was surprised by the lack of some of the structure of the financial process as it relates to formal reporting standards exhibited and expected from a government agency. This includes the internal controls that normally are associated with providing layers of protection for the organization (Laureate Education, 2008e). While a formal structure may not exist in a traditional way, the organization (that I am affiliated with) does provide for internal controls, operated by committees, that work to review the benefits and risks of the organization (Laureate Education, 2008e). Working within committee keeps each individual accountable for completing their task on a timely manner so as to present the budget to the Board of Directors by a January timeframe to be voted and approved. It is was also interesting to note how laws, regulations, and policies affect the budgetary process and how

each organization works to incorporate them into practice prior to adoption (Laureate Education, 2008d). Although the nonprofit I work with could not provide specifics, historical precedence and the knowledge of volunteers who work in financial settings, who also know federal and state laws and regulations, are the ones who help keep the process streamlined and within the organization's guidelines.

Overall the course provided insights that I had not considered and the questions of the final project definitely made some of the professional staff of the nonprofit question their own knowledge about the budget process. As I plan to continue working in an education setting, as well as eventually set up my own practice in crisis management, I will take what I have learned here, apply it to my own business ventures, and work to maximize our potential while keeping ethics, cost-benefit, and budgeting in mind when we want to pursue our next adventure.

References:

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Hi. Ferron,

Thank you for the good post. I feel same with you and Jason. I initially had a thought that the fiscal work would involve a tedious amount of work on the numbers and accounting. Since I am not fluent with math, I fear if I might have been stressed to learn a difficult math to deal with the course requirement. Throughout the course, I became to comprehend the basics and the importance of finance and budget as a social changing maker. I also realized that the public credence would be any more important in deal with the financial responsibility. I also accept an imagery of centuries banker, who shows an imposing appearance to make himself appealing and credible. My home country had borrowed from the IMF when the Asian financial crisis broke up in the late of 1990's, which virtually went bankrupt. The SDR was a currency used in that IMF measure and universal unit to interchange inter-governmentally. The real sectors of Korean economy was assessed strong that the IMF readily extended such savory involvement. In other words, due to the rising credit of Korea in decades, such financial benefit could be internationally endorsed. Since the fiscal issues stand on the credit, We Koreans also aspire to develop the Korean currency as hard one like the dollars, Euros, pounds and yen. Once it was publicly controversial that one credit-rating agency attempted to lower the credit rank of US government. And the Bitcoin had once appealed as a public currency. These two incidents seem notoriously to disclose the quality of financial thinking

these days. Both also flavors a little superstitious as if we talk about the Esperanto or Ido in our world of different scripts or language. How do you find two incidents probable to impact on the new financial understanding? Respectfully.

Author: Ferron Yi **Date:** Thursday, February 12, 2015 4:53:10 PM EST **Subject:** RE: Discussion 2 - Week 11

Final Reflections

Throughout this course, I have gained several helpful insights about financing and budgeting. We first started this course with the vital factors in finance and budgeting, and the ethics and technology that apply when dealing with finance and budgeting. I feel that this was especially important and beneficial because it set the foundation of understanding this topic and how important it is to the public sector. We also learned about the laws, regulations, and policies of finance and budgeting and why they were appropriate to use. This also gave us an idea of not only the importance of having the regulation, but how important the concepts are within strategic planning.

This course also taught us the importance of budgets and how much work goes into them. Not only do budgets call for tedious amounts of work and documentation, the management functions are especially important to understand throughout the budgeting process. Whether dealing with revenue or expenditures, budgets are extremely important tools when dealing with this area of the public sector. Whatever process is necessary or an employee is participating in, it is important to understand what the goal is, as well as what the job that needs to be done it. Working together on strategic planning takes several different areas of work to pull it all together.

As a professional in public administration, I plan to effect positive social change by applying the fundamental skills I have learned and give back to my community, making it more effective. We have learned several ways we can positively utilize both internal and external factors, stakeholders, and remain involved. Understanding the importance of this and remaining innovate in ways to accomplish is important to make positive social change happen within our communities.

Resources

Mikesell, J. (2014). *Fiscal Administration*. Boston, MA: Wadsworth.

Week 10 Discussion 2

Hi Magaly,

I enjoyed reading your post. You stated “the budget can become a guideline helping to provide realistic boundaries...” I also see it very implicating. We often could be lost of difficult laws or policy requirements, which, however, can turn fine with the spending specifics and distribution of responsibility. A numerical imposition of communication included in a budget seems to make it straightforward and clear. The WTO may adjudge a trade dispute involving the discriminatory laws and regulations of member state, but should be aided with the expert group of learned economist to convert it into any numerical measure

of discriminatory impact. In similar operation, the budget seems certain to provide realistic boundaries as you said. The budget also would be the kind of communication and basis of strategic planning that preferably is universal to practice. As a human service professional, how do you find a difference in budgeting from other organizations? Is an accrual based accounting is more demanded, for example? Respectfully.

From Magaly,

Insights

During the course of this class, I have gained insights into the world of government finance and the impact of strategic planning and budgeting on any organization. As a future social change agent, I have to be a professional that displays personal responsibility and personal integrity (Laureate Education, 2008) at all times. While strategic planning is not a new concept, strategic financial planning is vital to the longevity of an organization. I believe the most significant insight I learned was the budget and all it entails. As a human service professional, there will be ample use of my knowledge of budgets. This document will not only allows me to plan for my organization or group, but when used properly, the budget can become a guideline helping to provide realistic boundaries and will be useful when getting back on track (Mikesell, 2014). The extended analysis and evaluation aspect of the budget is also an interesting and important component of planning. Utilizing the cost-benefit analysis (Mikesell, 2014), for example, which allows organizations to understand the potential risks without the reality or drawback of the risk, can become a valuable tool if my organization should ever consider a project or initiative. I plan to work with families of neglected children. By opening a community group, center, or organization (I am unsure which one it will be at this time), I plan to effect change by providing the support and resources to parents and children in my community. Through joint endeavors with community leaders and other groups, I believe that we can and will make a difference.

References

Laureate Education (Producer). (2008e). *Vital factors in finance and budgeting: Ethics and technology* [Video file]. Retrieved from <https://class.waldenu.edu>

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Hi. Addam

I enjoyed reading your post. The designer of tax system may consider (i) revenue production and fiscal sustainability, (ii) economic impact (iii) social justice. You illustrated 400 billion dollars of tax collection for the state and local governments. However, we see a number of states suffer from the fiscal challenges with public debt. The government is non-profit that they strive for adequacy, not for excesses. The excesses may be saved for future budget or used to redeem the debt. How do you find them as adequate current collections of property tax in terms of revenue production? In terms of social justice, the rate of sales tax needs to be contemplated. How do you see the purchase of expensive art-concept cars taxable as compared with other common goods? Is it a category of sales tax? The exported wine and domestic vodka could be compared in terms of justice that a high rate of purchase or

consumption tax on imported wine would raise a concern of fairness and non-discrimination between foreign producers and domestic vodka industries. In this case, the tax designer may like to protect domestic industries, economic impact, but should respect justice, not the sort of social justice, but shaped by the treaties and international covenants. How do you find it permissible if the international authority intervenes to address justice of property owners from different national origin? Respectfully.

Author: Addam Wood **Date:** Thursday, January 22, 2015 9:41:56 PM EST **Subject:** Addam Dayle Wood Initial Post Discussion - Week 8

Evaluation of two types of taxes:

Type one: Property tax;

Property tax consists of an annual local government tax on real property or personal property based on a tax rate set by that local government. “Annual taxes on property in the United States yield over \$400 billion each year for state and local governments.” (Mikesell, 2014) When looking at property taxes and whether or not they are fair and equitable has been the question for many years. “Property taxes are seen as regressive, and some states studies do generally show that the effective property tax rate does decline as income is higher.” (Mikesell, 2014) In some regions, these taxes can be higher based on increasing property values and sudden economic growth in metropolitan areas where families move to residential areas for a less hectic area to raise their children. However, when this move happens it also causes an influx of increased sales, which can raise taxes in those areas.

Type two: Sales tax;

Sales tax is a tax imposed by the government at the point of sale on retail goods and services. The retailer collects this type of tax at the time of sale and then it is passed on to the state as directed by the retailer. In many states a sales tax is collected on different types of sales, such as in North Carolina, there is a sales tax on food and a different sales tax on non-perishable items as well. The non-perishable sales tax is at 7.25% while the food sales tax is at 2%, while some person find this unfair, many enjoy the fact that the sales tax for food is only 2%. This can be seen as an inequity to many, while we pay taxes on our income every week, taxes on the gasoline we buy, and then taxes on items that we purchase. Many find this unfair that we are taxed at such a high rate when it comes to our daily living. When looking at how tax equity coexist with a government’s need to collect taxes for revenue, only helps to ensure that other local agencies are able to continue to serve their communities. This means that when taxes are collected the money is allocated to the needs of the state through improvement of roads, schools, and other needs that are throughout the state.

Works Cited

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Author: Regina Rogers **Date:** Thursday, January 22, 2015 10:07:45 PM EST **Subject:** Main Discussion Post

Main Discussion Post

In my home state of Missouri we currently have a combined state and local sales tax of 7.6% and in 2014 we were #14th in the Union of highest combined state and local sales tax with the state of Tennessee being #1 with 9.44% (Sullivan, 2014). State and local governments generate a lot of their total revenue through levying sales taxes (Laureate, 2008b & Mikesell, 2014).

