

**Action Plan  
Fiscal Research Center  
Andrew Young School of Policy Studies  
December 12, 2005**

The Fiscal Research Center submitted its Program Review on December 1, 2004. This Action Plan is based on a modification of the goals and objectives of the Fiscal Research Center listed in the FRC Program Review and the Academic Program Review Report which was completed about November 1, 2005. The Plan is also based on the goals and objectives of the Andrew Young School of Policy Studies, and on the research objectives of the Department of Economics as stated in its Action Plan (August 2003) and the Department of Public Administration and Urban Studies.

The work of the FRC is an integral part of the strategy of the Andrew Young School. The primary goals of the School have to do with excellence and relevance in the classroom, and excellence and relevance in research. The FRC brings the best scholarly approach to bear on real world policy problems and then brings it to the classroom. Clearly, the FRC is having an impact on actual policy making. This action plan is about taking this activity to the next level – greater national prominence and reputation as an applied research center. This strategy both fits the plan of the School and plays directly to the School’s comparative advantage.

**GOALS**

The Fiscal Research Center has four goals:

- Goal 1: Be the Center that state and local government, businesses, and community leaders look to for research and advice on Georgia fiscal issues. To that end, the FRC provides nonpartisan research, technical assistance, and education in the evaluation and design of state and local fiscal and economic policy, including both tax and expenditure issues.
- Goal 2: Be nationally known for the high quality and breadth of research on state and local fiscal matters. To that end, the FRC promotes, in several ways, academic research on fiscal issues, broadly defined. This goal supports the related goals of the Andrew Young School of Policy Studies, the Department of Economics, and the Department of Public Administration and Urban Studies.
- Goal 3: Be the Center where the latest advances in policy research methods are applied to fiscal matters, and be known as a “state of the art” research center that is only a step away from real world application.
- Goal 4: Be a Center through which fiscal research is brought to the classroom and that provides a home for graduate research assistants and dissertation research.

The Action Plan is aimed at furthering these goals. Consistent with our goals and with those of the School and the two Departments, we want in particular to:

- Further advance the center's national reputation in public economics, with a particular emphasis on state and local finance and education policy.
- Make the FRC an even more valuable resource to state and local governments in Georgia.

Of these two objectives, the first is where we need to place an increased emphasis, and this proposed action plan is largely focused on that objective. If we can be successful in gaining recognition as the premier center for state and local public finance policy studies, we can add measurably to a strengthening of the scholarly excellence mission of the Andrew Young School.

## **OBJECTIVES**

To accomplish our goals, we must do the following:

- Increase the volume of research and academic publications. We have had success in converting the research we have conducted for the State into publications. But we need to do better on that score and we need to produce more academic research pieces. We would like to convert one-third of our reports to academic publications and each year produce 12 academic papers for publication in academic journals. This new academic research needs to include papers in both scholarly journals and in policy outlets. We need to reach beyond the standard public economics and public administration fields to other specialized outlets such as education and health finance journals to a greater extent than we do now.
- Initiate a new program in intergovernmental fiscal relations that reaches beyond Georgia to state and local governments around the nation. Intergovernmental fiscal relations covers relationships between level of government (e.g., example state and local) and within levels of government (e.g., local to local) and includes such topics as intergovernmental grants, education finance, mandates, competition and cooperation, and annexation and consolidation. There is no existing center or group with a strong focus on this subject. The Washington DC located Urban Institute and Brookings are the most important organizations with a focus on intergovernmental. We strongly believe there is a demand for a non-Washington think tank in this area, and we also think we have a considerable comparative advantage over other university centers that might consider working on this topic. This can provide a great comparative opportunity to the School and the

University. It is also an area that can easily involve faculty from fields such as political science and law.

- Expand the number of graduate students and dissertations supported through the FRC. The FRC currently supports two dissertation-level graduate students by providing full-time Research Associate I positions, and funds 5 regular GRAs. We would like to increase the number of dissertation-level students who work in the FRC to 3 and to fund 5 additional GRAs.
- Expand the range of topics on which we focus and the range of viewpoints beyond economics. While the FRC has produced reports on a wide range of topics, we are largely focused on a particular set of state taxes. We would like to expand to include intergovernmental fiscal relations as well as more research on education financing, on the link between the state and regional economy and fiscal conditions, on economic development, on local government finances, and on the expenditure side of the budget. We also want to expand the focus of the research from economics to include political science and legal perspectives.
- Increase the research infrastructure, particularly data infrastructure. The FRC currently houses several agency data bases, including panels of personal and corporate income tax returns, of employment and earnings, and of welfare recipients. The existing data set have been used by faculty for research projects and by graduate students for their dissertations, and are available to faculty and students from other colleges. We want to strengthen this infrastructure by expanding the data collection to include property records from county tax assessors, housing data, and health data. We also provide programming assistance to users of these data and would like to add 8 hours per week in additional programming support. This will increase the usefulness of the data and increase the topics that can be supported.
- Increase external grant projects, particularly projects that have a significant focus on research rather than technical assistance. Our external support is largely for research that might be appropriately labeled technical assistance, in which we respond to the funder's research agenda. We want to add grants that support our research agenda. There are limited funding opportunities for this, but we hope to add grants of \$100,000 per year as a near-term goal.
- Develop closer ties to policy makers by preparing more short reports, better written reports, doing more one-on-one presentations, and doing more education and training for policy makers. The opportunities to provide such education and training are significant. We could provide short (2-hour) education sessions with particular groups of legislators (for example, members of Ways and Means or Senate Finance Committees) regarding tax issues, broader Legislative Workshops on special topics, and Monthly Forums for the public. This adds value to the research that we produce and will increase the reputation of the Center among policy makers.

- Increase the recognition of research activity in the FRC among scholars at other universities. While we participate in conferences and send papers out, we can do a lot more to increase the reputation of the FRC, along with that of the School and University. For example, sponsored conferences can be a way of bringing external expertise to the State to address fiscal issues of concern to the State. But the conferences also build linkages with scholars at other universities and are a source of additional reports and possible publications. The Center could sponsor an annual or semi-annual refereed journal that publishes policy-related research on state and local fiscal issues, particularly research. Initially the research would be focused on the South. The articles would be serious policy research but which are not original enough to be placed in existing academic journals. It would be an outlet for some of the FRC reports, but would contain policy research conducted in other states as well.
- The FRC now employs the State Fiscal Economist. We currently support that position by providing technical assistance. We believe that this position can be parlayed into a much more significant activity for the FRC. The role that the Fiscal Economist could play in the State can be expanded, and thus one step is to increase State funding for an expansion of this function. But in addition, the FRC can use the Fiscal Economist as springboard to develop a significant research focus on revenue forecasting and related topics.

## **PROPOSED ACTION PLAN**

The following are the substantive resources that would allow us to move toward achieving these objectives outlined above. We recognize that this maybe beyond the resource capacity of the University, but it gives an idea about what it would take for the FRC to move to the level of national prominence that we would like.

### **Major Needs**

Many of the objectives require an increase in our human resources. But we can be creative in how these human resources are provided so that multiple objectives can be achieved.

1. Senior FRC Fellow in intergovernmental fiscal relations. Hiring a senior fellow would be a significant first step in creating the new initiative. One possibility would be to use this position to strengthen our capabilities in education finance. We estimate the cost to be \$150,000. By hiring someone outside of economics we can broaden the focus of the FRC.
2. Course Releases for Faculty. To engage faculty more fully in the work of the Center, to provide “thinking time,” and to increase the quality and quantity of the Center’s research, we propose an allotment of 4 course releases per academic

- year. These course releases would be used to support research that complimented the research agenda of the Center, for example, the intergovernmental fiscal relations initiative and the revenue forecasting project. We estimate the cost at \$45,000.
3. Visiting Professor of Practice. We would like to appoint a scholar in residence each year. This would be a person stepping down from a major policy making position who would spend part of a year with us while he/she wrote a book, lectured, taught students, etc. The typical candidate (who would not have to be from Georgia) might be a governor or senator who was stepping down, a member of the Federal Reserve board, from the congressional budget office, etc. We estimate a cost to be about \$150,000 per year. The benefits would be enormous, and would include increased expose, generation of policy research ideas, and publications (book or published lectures).
  4. Graduate Research Assistantships/Research Associate I. This would increase the number of graduate students engaged in “real-world” research and policy and would increase the capacity of the FRC. We ask for funding for five additional GRAs. We propose a \$20,000 stipend. With this level of stipend we could attract some excellent students, and become a proving ground for young people who would go on to make a serious mark in the field. We also want to increase by one the number of Research Associate I’s, which we use to provide financial support for dissertation research and at the same time give them experience in doing policy research in the FRC. We propose a salary of \$35,000 plus tuition wavier.
  5. Visiting Professor or post doctoral fellow. We have had two visiting professors in the past, and both have made significant contributions to the FRC while they were here. In addition, after leaving they continued to collaborate with faculty on academic research projects. It is a way to bring visibility to our program, get fresh ideas, and increase research output. A post-doctoral fellows program could bring in one or two new PhDs for a one- or two-year stay. These fellows would be a source of new ideas, additional publications and support for the Center, and a help in building linkages to other universities when the fellows take permanent positions. The cost would be about \$60,000 for a semester for a visiting professor or for a year for a post doc fellow.
  6. Research Staff. In order to increase the number of state oriented projects that we can do, and at the same time allow the staff to conduct more academic research and convert reports into published papers, the FRC needs another staff member. The focus would be on someone with a non-economics background. The cost would be about \$110,000.

The following are production or support resources necessary to achieve our objectives.

1. Data Infrastructure. To expand substantial warehouse of administrative data and the amount of academic research using those data, the FRC needs additional staff to help manage the databases and to make them more accessible. Cost is \$20,000.
2. Outreach. In order to carry out additional activities of the FRC, such as the education and training sessions, conferences and a journal, that would develop closer ties to policy makers and increase our reputation among academics, we need additional staff support to help organize these activities. Cost is \$60,000 per year.
3. Copy Editor. To make FRC reports and policy briefs more accessible to policy makers it would be very desirable to have them reviewed by a copy editor. Cost is \$15,000.

## BUDGET

|                                |                  |
|--------------------------------|------------------|
| Senior FRC Fellow              | \$150,000        |
| Course Releases for Faculty    | 45,000           |
| GRAs                           | 100,000          |
| Research Associate I           | 35,000           |
| Visiting Professor of Practice | 150,000          |
| Visiting Professor/Post-Doc    | 60,000           |
| Research Staff                 | 110,000          |
| Data Infrastructure            | 20,000           |
| Outreach staff                 | 60,000           |
| Copy Editor                    | 15,000           |
| <b>Total</b>                   | <b>\$745,000</b> |

## TIME SCHEDULE

| Element                        | Year 1        | Year 2         | Year 3         | Year 4         | Year 5        |
|--------------------------------|---------------|----------------|----------------|----------------|---------------|
| Senior FRC Fellow              |               | 150,000        |                |                |               |
| Course Releases for Faculty    | 11,250        | 11,250         | 11,250         | 11,250         |               |
| GRAs                           | 20,000        | 20,000         | 20,000         | 20,000         | 20,000        |
| Research Associate I           |               | 35,000         |                |                |               |
| Visiting Professor of Practice |               |                |                | 75,000         | 75,000        |
| Visiting Professor/Post-Doc    |               |                | 60,000         |                |               |
| Research Staff                 | 50,000        | 60,000         |                |                |               |
| Data Infrastructure            |               | 10,000         | 10,000         |                |               |
| Outreach staff                 |               | 30,000         | 30,000         |                |               |
| Copy Editor                    | 15,000        |                |                |                |               |
| <b>Total</b>                   | <b>96,250</b> | <b>316,250</b> | <b>131,250</b> | <b>106,250</b> | <b>95,000</b> |