

PAD 5352 - Public Budgeting and Financial Management

SPRING 2018 (Jan.16 – May 3)

Master of Public Administration Program

University of Texas at El Paso

Instructor: Dr. Ljubinka Andonoska

Office: Kelly Hall 406

Contact email: landonoska@utep.edu

Phone: 915-747-7132

Skype contact: ljubinka_andonoska

Online office hours (use BB collaborate or Skype): 3 to 5 pm (on Mondays)

Disclaimer: This syllabus is tentative and any changes will be announced in class for which students are responsible.

Course Description

This class will introduce the students with the language of public budgeting and finance as well as with the theories and practices of budgeting, financial management, and the role budgets play in public policy making and implementation. We will be covering topics that include: budgeting process, budgeting concepts, capital budgeting, and long term-financing. In addition, students will learn about budget implementation, accountability and control of public spending. Finally, students will learn techniques of financial analysis.

Learning Objectives

Managers and policy makers of public and not-for-profit organizations, now perhaps more than ever, must have understanding in public budgets and finance. That does not mean that they will become financial or accountant managers. This class will educate students how to read and understand budget documents, financial reports, and other financial information. By the end of this semester, students will:

- Master basic terminology in public budgeting and finance;
- Gain an understanding of budget documents and financial reports;
- Develop critical thinking about issues of public budgeting and financial administration
- Learn about balance sheets and other basic financial reports
- Learn how to evaluate an organization's finances using financial reports
- Master the art of writing an issue brief.

Required textbooks:

Finkler, A. S., Purtell, M. R., Calabrese, D. T., & Smith, L. S. (2013). *Financial Management for Public, Health, and Not-for-Profit Organizations* (4th.) Ed. Pearson Higher Education. (older editions also acceptable)

Mussell, R. M. (2009). *Understanding Government Budgets: A Practical Guide*. Routledge.

We will also periodically use additional book chapters and journal articles. These will be made available through BB.

Course Requirements

This is considered a hybrid class, which includes 51% or more BB collaboration. Therefore, knowledge of BB is required. If you are not familiar with BB, you need to ask for help from technical support department available through UTEP. BB “attendance” is required. If you do not access BB for more than 14 consecutive days, you will fail the class by default. Not accessing the class through BB is considered the same as not attending the class.

We will have live streaming lectures and if needed pre-recorded lectures. Your presence will be required just as your presence is required in a tradition classroom. The only difference is that you will be able to “attend” the class from the comfort of your home, from a coffee shop, or at any other place that has a reliable internet connection and a device such as a smart cell phone, a lap top, a table, or a regular desk top computer. I will post a link for the week’s lecture. If I don’t post the link, you can find it on BB, under BB Collaborate Ultra. All lectures will be saved and you will be able to retrieve it at any time at your convenience. It is forbidden by law to share these lectures on youtube, facebook, or any other social network. The lectures are aimed to those students who are registered in this class. Any unauthorized use or exposure is punishable by law.

Finally, while this class will provide you with many useful tools to learn concepts and practices of government financial management, the learning CANNOT occur if you do not contribute to this process. You need to read, to participate in class and group discussions, and to submit assignments in a timely manner. You can learn only if you participate in the process of learning.

Students are required to read ALL assigned class material before the beginning of each class. Failure to do so will result in class failure. Students are also required to submit all assignments on time. There will be one grade reduction for each day late submission and assignments will not be accepted if submitted 3 days after the deadline. Only severe unfortunate circumstances will be considered for late submissions.

Microsoft Excel: You are required to have basic knowledge in Microsoft Excel (create tables, incorporate formulas, and create charts in excel). Most of our in-class exercises will be done on the computer using excel tables. In addition, many of the class assignments will also require from you to prepare them using excel tables.

Assignments submission: Assignments are due on BB Safe Assign on their due dates as specified in this syllabus. BB Safe Assign allows for checking against plagiarism, therefore, email submissions will not be accepted. Late assignments will not be accepted except in the case of serious illness or tragedy (both of which need to be documented).

Academic Writing: Students are expected to write all class assignments using academic (not conversational) language, to express their thoughts clearly, and to provide content based on their knowledge gained from class, assigned readings, and any additional sources as needed.

Academic writing also assumes using grammar correctly. If you need help, please refer to UTEP's Tutoring and Learning Center.

Evaluation and Grading

Final grades for the class will be based on the following elements:

- Active Class Participation on Group BB Discussion: (25%)
- Examinations:
 - Midterm exam (20%), due on blackboard safe assign
 - Final exam (20%), due on blackboard safe assign
- Budget memo (10%)-due on Safe Assign.
- Financial Management Report (Final Paper): total 25%, of which, 20% for the paper and 5% for power point presentation in the last class session.

Below is the scale which will be used to assign grades:

“A” = 90-100%;

“B” = 80-89%

“C” = 70-79%

Class Participation: BB Discussions and Group Work

BB Discussions

Students are required to participate in class discussion using BB Discussion Board. Each student will have one BB posting per week that includes current news on a budgeting issue (involving local, state, federal government, or a non-profit organization, or even a private company that has public responsibility). The posting will also include a link to the original article. The student will summarize the core of the news article and will ask at least one question. The summary should include: the topic, all involved parties inside and outside of the organization, change introduced or discussed in the article, other important information if needed. The summary should not be longer than 3 paragraphs (each paragraph between 3 and 4 sentences).

Group work

Students are expected to read the assigned readings for each week, before the 1st day of the week (which is Monday for this semester). Except for the weeks indicated in the syllabus (pages 7-10), each week I will post questions and/or class exercises. You need to prepare answers or write the exercise. If it is an exercise, I will ask you to submit an excel file/spreadsheet. This class participation will be a group work that will happen on the group section on the BB. The class will be separated into randomly selected groups. Groups will not change over the semester. Each of you will use the **Group Discussion** section under **Groups** to post your meaningful input for

the solution. Please note that your individual input should be posted on the Group Discussion *by Friday before midnight*. If I don't see your individual input before Friday by midnight, I will not give you points although the other members of your group will receive points. *Before Sunday by midnight*, one member of the group will submit the consolidated group answers/solutions in a file attachment on the group page. You will take turns, which means that each student will have to post the group answers. All the communications should be visible on the group discussion page.

Financial Management Report (Final Paper)

Due: on BB Safe Assign (May 3 by 11:59 pm - be aware that if you do not upload the document before the deadline, the system will automatically decline to accept it; I will not accept the assignment by email)

You can work alone or in a group. The group cannot include more than 3 students. If you choose to work as a group, you need to inform me in the beginning of the semester. Be aware that working as a group on the final paper will not have mechanisms for including all group members. Therefore, all group members, no matter of their actual engagement, will receive the same grade.

1) Pick an organization for analysis. The organization may be a local government (a city, a town, a county, a school district, etc), a state (a state as a whole or any state agency), or a non-profit. You will inform me about the organization no later than February 9.

2) It is critical that you will need to cooperate with the selected entity. You are recommended to talk to budget people from that entity at least twice to three times over the semester, either in person or by phone. In either case, you will be requesting reports and additional information. Therefore, before each conversation, you will need to have a review guide that identifies which information or documents you intend to request and what questions you need to ask at the interview. For the entity you select, you will need to talk with the administrators responsible for the entity's finances, to analyze budget preparation materials, budgets, and annual financial reports, and to examine laws or other documents establishing and governing the entity's framework. You may locate other source materials on some entities (debt rating reports, newspaper stories, etc.).

3) Your investigation will incorporate budget, revenue, and financial processes and practices of the chosen entity. The topics should include (but should not be limited to) elements of the following:

a) Budget process: budget development, budget cycle, decision making processes during the budget cycle (who makes them and on what basis); what type of a budget format/system is used; what types (if any) performance measurements are used; are processes transparent etc.

b) Budget analysis: explore expenditure patterns and trends to the extent possible, analyze inputs and performance results;

c) Revenue analysis: revenue sources (taxes, donations, grants, etc); examine trends and shifts; any statutory or other limitations;

d) Capital budget analysis: what are the major capital projects; any significant challenges or opportunities.

d) Long term finance analysis: debt analysis (has the entity issued bonds or other debt instruments; what is the fiscal situation on long run, and so on).

4) What are your conclusions on the basis of the analysis? Link your conclusions with the analysis. Prepare a written report of your findings, analysis, and proposals. The report should not exceed twenty pages, including tables and figures, and should also include an executive summary of no more than two paragraphs.

Keep in mind that you will need to submit drafts to me for revision and feedback. The maximum number of drafts that I can review is two. You need to submit the drafts in a timely manner; I will not look at drafts the last week before the paper is due.

Project presentation

We will use our last class for project presentations. You will be granted BB Ultra Collaborate access to upload and present your presentations. You will have about 10 to 15 minutes to present your final report.

Budget Memo

Goal of this memo: To get a budget related issue (or a problem) on a budget agenda or to aid a policy choice by presenting a single solution.

Find an issue or a problem that is related to a government or a non-profit budget (or a budget process). Examples of a problem could include: a community needs access to public transportation; or a certain program, for e.g. after school program has been proposed to be eliminated; a donor decided to withdraw a grant from a certain program, or other. You should make a case for action that can be understood by a broad audience. You will need to present the problem in light that will make it clear to the readers that the problem is solvable. Based on a brief analysis of the problem at hand, you will need to propose a solution. Your solution should make sense and should closely address the problem or the issue. You will need to use assigned literature and at least 3 additional sources (web sites, periodicals, and/or newspapers) to support your arguments and your proposed solution. Avoid political and ideological arguments; instead concentrate your memo on more logical, technical and expert aspects.

You will need to cite all sources properly (use APA style or other, ex. Chicago or Harvard). You will also need to have a reference list of all outside sources. In other words, while you will need to include both assigned and additional readings for in-text citations; your reference list should only include the sources which are not assigned for class.

The memo should be one to two pages in length in a single-spaced format (traditional 12-font , 1-inch margin). The memo should include an intro, a presentation of the problem with the proposed solution and a summary of key arguments, and a conclusion. You assume a role either as a concerned and knowledgeable citizen or a concerned budget analyst. You need to address the memo to either a political body (ex. Mayor, city council; CEO of a non-profit organization), or an agency manager who is directly concerned with the budget issue.

You need to follow a memo format. If you are not familiar, review the following formats:

<https://owl.english.purdue.edu/owl/resource/590/04/>

<https://www.csun.edu/sites/default/files/samplememo.pdf>

<http://www.umuc.edu/current-students/learning-resources/writing-center/writing-resources/memos/effective-memo-example.cfm>

UTEP's Tutoring and Learning Center (TLC)

Students are encouraged to visit the Tutoring and Learning Center (TLC), located on the third floor of the library. The TLC offers free peer tutoring, especially in math and writing. These tutoring services are very helpful both for students returning to school after a long delay and for students with limited backgrounds in mathematics or written English composition. Because it is essential for graduate students to effectively communicate their ideas in writing, I make referrals when needed. If I refer you to the TLC using the Center's referral form, you must obtain assistance from a TLC tutor. Then, when resubmitting your revised assignment, you must provide me with the original referral form completed by your TLC tutor. I will consider your assignment incomplete without the completed referral form.

Disability Accommodations

If you are a person with a disability and anticipate needing any type of accommodation in order to participate in this class, please provide me with official documentation from the Center for Accommodations and Support Services (CASS) as soon as possible. The CASS may be contacted at (915)747-5148. More information regarding the Office is available in the 2011-2012 Graduate Catalog or the CASS's website: <http://sa.utep.edu/cass/>.

Statement of Equal Opportunity

The learning environment is based upon open communication, mutual respect, and nondiscrimination. It follows commonly practiced guidelines of nondiscrimination on the basis of age, color, disability, gender, national origin, race, religious belief (or lack thereof), sexual orientation, or veteran status. Please also refer to the Statement of Equal Educational Opportunity of the University of Texas at El Paso of the 2011-2012 Graduate Catalog.

Academic Integrity

It is assumed graduate students know how to avoid committing plagiarism.

In this course, it is considered a violation of academic integrity to use within any out-of-class, for-credit assignment the exact words, phrases, or a similar writing structure (where you use the

sentence structure and/or paragraph structure, but change a few words or phrases) of a source or sources, even if you cite the source(s).

In order to maintain program standards, cases of [suspicion] plagiarism, are treated according to UTEP’s Handbook of Operating Procedures. Ignorance is not an excuse.

I thoroughly encourage verbal discussion among students in your studying of the course material. However, unless I give you written consent, all assignments that you submit for credit must be your own original work. In this course, this means that you may not provide assistance to or seek assistance from another individual during an in-class examination. Also, you may not possess materials that are not allowed during an in-class exam. Finally, while you may verbally discuss your problem sets and research projects, you may not provide direct assistance to or seek direct assistance from any other individual. Direct assistance includes, but is not limited to, downloading data, analyzing data, presenting data and/or findings, or writing any portion of the research report. Any violation of this policy constitutes academic dishonesty.

For more information, please refer to the Office of Student Conduct and Conflict Resolution (more info on <http://sa.utep.edu/osccr/academic-integrity/>). A more detailed guide to academic integrity is available in the Student Conduct and Discipline Section of the Handbook of Operating Procedures.

Course Structure

MODULE	OBJECTIVES	READINGS	ASSIGNMENT S & DEADLINES	OUTCOMES
Week 1 Jan.16-18	Intro to class and getting familiar with the class expectations as stipulated in the syllabus	THE SYLLABUS	READ THE SYLLABUS Ask questions regarding the class and the syllabus Buy the books	Make sure we get to know each other Make sure every student has read and understood the assignments in the syllabus
Week 2 Jan 19-21	Introduction to the subject of Public Budgeting and Financial Management	Read the following: Finkler at al., Ch. 1: Introduction to Fin. Mngt. Gruber, Ch. 1: Why study Public Finance Mussell, Ch. 1 I Syllabus	Read assigned readings BB Discussion (Submit a link for news article with 2 questions by Friday, answer 2 questions from 2 students by Sunday)	Make students comfortable with the subject and budget terminology.

Week 2 (cont.)			Group BB Discussion (Individual input by Friday, group answer by Sunday)	
Week 3 Jan 22-28	The Basics of Government Budgets	Finkler at al., Ch. 2: Planning for Success: Budgeting Mussell, Ch. 2 The Basics of Government Budgets; Ch. 3 The Basics of Budget Structure, and Ch. 4 Public Employment Totals in Budgets	Read assigned readings; Budget simulation BB Discussion (write about your experience with the budget simulation “game”) Group BB Discussion	Describe the political nature of the financial management process Experience budget preparation process
Week 4 Jan 29- Feb 4	Budgeting Concepts and Techniques	Finkler at al., Ch. 3 Additional Budgeting Concepts	Read assigned readings BB Discussion (Submit a link for news article with 2 questions by Friday, answer 2 questions from 2 students by Sunday) Group BB Discussion	Work on problems in real environment and learn the possible budget concepts applied in government and non-profit organizations
Week 5 Feb 5-11 Week 5 (cont.)	Budgeting concepts	Mussell, Ch. 5 Performance Measures in Budgets Additional readings posted on BB	Read assigned readings Budget Memo BB Discussion Group BB Discussion	Work on problems in real environment and learn the possible budget concepts applied in government and non-profit organizations

Week 6 Feb 12-18	The Spending Side	Finkler at al., Ch. 4. Understanding Costs Mussell, Ch 7 Tax Expenditures and Tax Expenditure Budgets Other readings as assigned on BB	Read assigned readings BB Discussion Group BB Discussion	Learning about various types of expenditures that governments and non-profit organizations have
Week 7 Feb 19-25	Capital Budgets	Finkler at al. Ch. 5 Capital Budgeting Mussell, Ch. 6 Capital Spending in Budgets	Read assigned readings Budget Memo BB Discussion Group BB Discussion	Learning what capital budget is and how and why it is different from operational budget
Week 8 Feb 26-March 4	The Revenue Side	Finkler at al., Ch. 6 Long-Term Financing	Read assigned readings BB Discussion Group BB Discussion	Learn about various taxes and capital financial resources
Week 9 March 5-11	The Revenue Side (cont.)	Gruber, Ch 18 Taxation in the US and Around the World Other readings on BB	Read assigned readings MIDTERM (Due Friday, March 9 before midnight on BB Safe Assign)	Learn about financial management of short-term and long-term resources
Week 10 March 12-18	SPRING BREAK			

Week 11 March 19-25	Implementation and Controlling	Finkler at al. Ch. 7 Managing Short-Term Resources and Obligations	Read assigned readings BB Discussion Group BB Discussion	Define working capital and describe the various elements of working capital management
Week 12 March 26 Apr 1	Implementation and Controlling	Finkler at al., Ch. 8 Accountability and Control	Read assigned readings BB Discussion Group BB Discussion	Define management control, systems and discuss various tools to financial control
Week 13 April 2-8	Financial Reporting	Finkler at al., Ch. 10 Taking Stock of Where You Are: The Balance Sheet	Read assigned readings BB Discussion Group BB Discussion	Introduce and define financial accounting and the statement of financial position (balance sheet). Discuss various liabilities categories.
Week 14 April 9-15	Financial Reporting	Finkler at al. Ch. 11 Reporting the Results of Operations: The Activity and Cash Flow Statements	Read assigned readings BB Discussion Group BB Discussion	Explain the purpose of the activity statement and statement of cash flow.
Week 15 April 16-22		Preparation for the final exam	FINAL EXAM Due Friday, April 13 before midnight on BB Safe Assign	
Week 16 April 23 May 3		Class Presentations	Final Paper Due May 3 rd before midnight on BB Safe Assign	