**PBAF 522: Public Financial Management and Budgeting (Section A)**

**Autumn Quarter 2011 \* Wednesday, 6-8:50 pm**

**Parrington Hall 108**

Course Website: https://catalyst.uw.edu/workspace/kensmith/24497/

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**Description and Objectives:**

Financial resources are the lifeblood of governments and non-profit organizations. Effective managers and policy analysts are able to determine how an organization uses financial resources to achieve its mission, how it can use those resources in more effective and accountable ways, and how to anticipate changes in the external financial environment. Specifically, students who successfully complete the course will improve their understanding of:

1. Relationships among service delivery costs, financial planning, and budgeting
2. Principles of governmental and non-profit financial accounting
3. How financial condition shapes program design, and vice versa
4. Sources of conflict and compromise when allocating financial resources
5. Applications of budget and financial analysis concepts using spreadsheets and other tools
6. Effective communication – through traditional and “new media” channels – of budget and financial analysis

**Required Materials:**

1. Finkler, Steven A. (2010) *Financial Management for Public, Health, and Not-for-Profit Organizations* (New York: Prentice Hall). We will use a custom version of this text that is comprised of selected chapters from the 3rd edition. The custom edition has several advantages, namely that it’s about one-third the price of the full third edition. The content of the custom edition is similar to the off-the-shelf third edition and earlier editions, but the problems, examples, and other material are different. Please use caution if you use a version other than the custom edition.
2. Course lecture notes. You can find the notes at the course Catalyst workspace.
3. Example financial statements and budget documents. You can find this material at the Catalyst workspace.

**Course Policies:**

* Please let me know immediately if you have a disability that might inhibit you from fully participating in the class and demonstrating your competence of the course material. We will make appropriate accommodations.
* I encourage you to bring a notebook computer to class, but please do not spend time in class using social media, working on other assignments, etc. If you plan to be disengaged, please don’t attend class.
* If possible, please let me know if you plan to miss a class. Attendance is not required, but I appreciate knowing if you’ve missed several classes, mostly so we can make sure you receive additional assistance if necessary.
* Likewise, please let me know if you’re unable to deliver an assignment on time. In some circumstances we can negotiate a different due date or, if necessary, provide a substitute assignment.
* All assignments will be graded in one percent intervals from 0-100%. Final grades will be the weighted average (as below) of all your assignments. Final weighted averages will determine course grades as follows: 100% = 4.0; 99-98% = 3.9; 97-96% = 3.8; 94-95% = 3.7; 92-93% = 3.6; 90-91% = 3.5; 88-89% = 3.4; 86-87% = 3.3; 84-85% = 3.2; 82-83% = 3.1; 80-81% = 3.0; 78-79% = 2.9; 76-77% = 2.8; 74-75% = 2.7; < 73% = 2.0
* Please submit all assignments to the electronic drop-box at the Catalyst site. For group work, *please upload one submission per group* and list all group members on the submitted group document.
* We will use Excel throughout the course. Other tools – open source applications like “Calc,” Ipad’s “Calculator”, and others – are suitable alternatives but require different syntax. Consult your classmates if you have questions about translating Excel formulas and syntax to these other applications. If necessary, we can start a Catalyst discussion board to oversee those issues.
* I will attempt to record and “podcast” our class sessions. Please use the “podcasts” as a way to review and reinforce your understanding of the lecture or to catch-up if you miss class. Podcasts are not a substitute for class attendance.
* No extra credit.

**Course Structure and Expectations:**

This course is organized around the general class sessions and discussion sections. Both are equally important to your success in the course. To make the best use of those meetings please consider the following.

General class sessions are focused primarily at the conceptual level. I will use class time to present new concepts, to integrate material across different parts of the course, and to facilitate discussions among all of you about the material and its implications. Class sessions will usually include a brief presentation designed to clarify and highlight some of the concepts on which I’d like to focus your attention. We will also review budgets and financial statements, illustrate how selected financial transactions affect financial measures, illustrate spreadsheet dynamics, and discuss current events, among other activities.

Class sessions will be most productive (and enjoyable) if we can have an open exchange of ideas. To that end we will probably stumble on topics that are important but outside the scope of what we can cover in class. I will deal with those topics by putting them on “The Refrigerator” (the place where we post lots of important but otherwise random stuff). I will follow up during “virtual office hours” on items that appear on the Refrigerator.

Discussion sections are focused primarily at the mechanical level. The teaching assistants’ main job is to help you understand the technical and mechanical aspects of the course material (and to help me grade your work). Discussion sections are the most efficient and effective way for them to do that job. The focal point for discussion sections is your assignments. During section meetings the teaching assistants will work through solutions to problems that appeared on the quizzes, work through additional practice problems, calculate ratios, help you build spreadsheets, help you identify appropriate organizations for your financial condition analysis, and address other questions and concerns. Discussion section attendance is optional but recommended, especially if you’re not entirely confident in your comprehension of the material.

**Assignments:**

1. **Five “Friendly Quizzes” – 2% each; 10% total**

You will complete five quizzes designed to assess your comprehension of the course material to that point and to prepare you for the final exam. Quizzes will be administered through the Catalyst website and must be submitted by the due dates assigned. You may consult with classmates while working on the quizzes, but be sure to do your own work. Remember: they’re designed to prepare you for your individual final exam.

1. **“Caring for Coho’s Seniors” – 30%**

To complete this case study you will prepare a spreadsheet-based budget and use that budget to evaluate a management decision scenario. This assignment will test your ability to apply core concepts from budgeting and managerial accounting. See the assignment description for details. You will work in groups of three, and all group members will receive the same grade.

1. **Financial Condition Analysis and Presentation – 30%**

This assignment will test your ability to apply and communicate core concepts from financial condition analysis. Working in groups of three *(all members different from your group in Coho)*, you will identify a non-profit or government and secure a copy of its financial statements and other relevant financial documents. None of the group members should be affiliated with the organization you select. Please identify your group members and your target organization to your teaching assistant by November 7.

1. **Final Exam – 30%**

You will complete a traditional, in-class final exam on Wednesday, December 14 from 6-8:00 pm. The exam will be comprehensive and will focus on evaluating an organization’s budget and financial statements in real time. Prior to the exam I will provide you relevant background information. Please let me know immediately if you cannot attend during the scheduled exam time.

**Schedule:**

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| **Date** | **Topic** | **Assignment Due** |
| Wednesday, Sept. 28 | Course Overview/Introduction - Finkler pp. 1-22; 30-41 |  |
| Wednesday, Oct. 5 | Cost Analysis - Finkler pp. 84-116 | Friendly Quiz 1 |
|  | *Special Topic: The City of Seattle's budget* |  |
| Wednesday, Oct. 12 | Budget Process - Finkler pp. 41-70 |  |
|  | *Special Topic: Who works for the government?* |  |
| Wednesday, Oct. 19 | The Balance Sheet - Finkler pp. 132-165 | Friendly Quiz 2 |
|  | *Special Topic: Is the Federal Government Bankrupt?* |  |
| Wednesday, Oct. 26 | The Activity & Cash Flow Statements - Finkler pp. 175-207 | **Coho due Monday, Oct 31** |
|  | *Special Topic: Is Social Security a Ponzi scheme?* |  |
| Wednesday, Nov. 2 | Accounting for Non-Profit, Health Care and Government Organizations - Finkler 223-247; 26-277; 283-320 | Friendly Quiz 3 |
|  | *Special Topic: Revenues and Expenses at King County* |  |
| Wednesday, Nov. 9 | Financial Statement Analysis - Finkler pp. 326-366 |  |
|  | *Special Topic: Nonprofit business models* |  |
| Wednesday, Nov. 16 | Financial Condition Analysis - Finkler pp. 381-402 | Friendly Quiz 4 |
|  | *The Fiscal Big Picture: The UW's Financial Condition* |  |
| Wednesday, Nov. 23 | Review and Work on Group Presentations | Friendly Quiz 5 |
| Wednesday, Nov. 30 | Financial Strategies - Read at least one article each from *Government Finance Review*, *Harvard Business Review* and *Journal of Government Financial Management* |  |
| Wednesday, Dec. 7 | Group Presentations & Review | **Financial Condition**  **Analysis** |
| Wednesday, Dec. 14 | **Final Exam** from 6-8:00 pm in Parrington 108 |  |