**PBAF 522: Public Financial Management and Budgeting**

**Autumn Quarter 2012 \* Tuesday \***

**6-8:50 pm (“C” Section)**

**Parrington Hall 108**

*Course Website:* [*https://catalyst.uw.edu/workspace/kensmith/33102/*](https://catalyst.uw.edu/workspace/kensmith/33102/)

Ken Smith

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Parrington Hall 323

206.616-8698 (office)

Office Hours:

Tues & Thu 9:30-11:30

and by appointment

(link to my [Google Calendar](https://www.google.com/calendar/selfsched?sstoken=UUtVbFBKRnhJa1dDfGRlZmF1bHR8OGI3NGE0OTQzZTMwNGMxOTRmZjZiYTdiZmIwN2MwODI))

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**Description and Objectives:**

Financial resources are the lifeblood of governments and non-profit organizations. For that reason, students of public affairs must understand how public organizations use financial resources to achieve their missions, how organizations can use financial resources more effectively, and how to apply financial analysis to a variety of policy and management challenges. To that end, students who successfully complete the course will improve their understanding of:

1. Relationships among service delivery costs, financial planning, and budgeting
2. Core principles of governmental and non-profit financial accounting
3. How financial condition shapes program design, and vice versa
4. How conflict and compromise shape the process of 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 financial analysis

**Required Materials:**

1. Finkler, Calabrese, Purtell, and Smith. (2012) *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 4th edition. The custom edition has several advantages, namely that it’s about one-third the price of the complete 4th edition. The main content of the custom edition is similar to the standard 4th edition and to 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. Other relevant materials, including newspaper stories, YouTube clips, financial statements, budget documents, etc. 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 aren’t able to fully engage in class, stay home.
* Please sign up for office hours by visiting the Google Calendar[[1]](#footnote--1) linked to the course website. Please limit your visit to one fifteen minute visit per day. This limit is not to discourage you from attending office hours, but rather to make sure I can see as many students as possible. If you need more than fifteen minutes, or if my regular office hours don’t coincide with your schedule, don’t hesitate to e-mail me to set up a longer appointment.
* 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 I know if you might need additional assistance or accommodations.
* Likewise, please let me know if you can’t deliver an assignment on time. We may be able to negotiate a different due date or a substitute assignment.
* All assignments will be graded in one percent intervals from 0-100%. Final grades will be the weighted average (described 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
* Please submit all assignments to the electronic drop-box at the Catalyst site. For group work, please provide 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.
* No extra credit.

**Course Structure and Expectations:**

This course has two main components: 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, integrate material across different parts of the course, and facilitate an ongoing discussion among the entire class about the material and its applications in the real world. 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 Bulletin Board.” Feel free to discuss Bulletin Board topics during discussion sections, office hours, and virtual office hours.

Discussion sections are an opportunity to refine your understanding of the class material and to apply the material in real management and analysis scenarios. The mechanics of the discussion sections are as follows:

* We will assign you to a group of three or four students within your discussion section. This small group will meet for 50 minutes each week.
* If the group is amenable, you may meet at a time or location other than your regular discussion section. Feel free to meet more than once a week if you like. If your group decides to meet at a time other than the regular discussion section time please notify me immediately of the new time and/or date.
* Each week your group will discuss a specific problem or case study. The group discussions are designed to sharpen your understanding of the course material, to further develop your skills in financial analysis, to get different perspectives from other students, and to prepare you for the kind of questions you’ll confront on the mid-term and final exams.
* Please do not hesitate to share with me or with a TA any concerns about your group dynamics.
* Discussion section attendance is not required, but many of the regular “check in” assignments (see below) will require you to summarize or characterize your group discussion. If you do not attend your group session you’ll need to get a summary of the discussion from another group member, or note in your assignment that you did not attend the group meeting.
* Your group will work together on the “Caring for Coho’s Seniors” assignment.
* You will form a different group for the Financial Condition Analysis assignment – please strive to work with a diverse range of backgrounds in your second group.

**Assignments:**

1. *“Check-In” Assignments – 10% total*

You will complete five or six periodic check-in assignments designed to assess your comprehension of the course material and to prepare you for the exams. These assignments will be administered through the Catalyst website. You may consult with classmates while working on the assignments but be sure to do your own work. Remember: they’re designed to prepare you for your individual exams. Each assignment will comprise an equal share of a 10% total share of your grade.

1. *“Caring for Coho’s Seniors” – 20%*

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

1. *Midterm Exam – 20%*

You will complete an in-class midterm exam. The exam will cover all the class material to that point in the quarter. You may prepare a single one-sided page of notes that you will turn in along with the exam. Please let me know immediately if you cannot attend during the scheduled exam time.

1. *Financial Condition Analysis and Presentation – 20%*

This assignment will test your ability to apply and communicate core concepts from financial condition analysis. Working in groups of three (as self-selected by students), 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. All group members will receive the same grade. Please notify me of your group members and the organization you will analyze by November 5, 2012.

1. *Final Exam – 30%*

You will complete an in-class final exam. The exam will cover all the course material and will require you to perform real-time analysis on an actual organization’s budget and financial statements. Prior to the exam I will provide you relevant background information about the organization. Like with the midterm, you may also prepare a single one-sided page of notes that you will turn in along with the exam. Please let me know immediately if you cannot attend during the scheduled exam time.

**Schedule (subject to change):**

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| --- | --- | --- |
| **Date** | **Topic** | **Assignment Due** |
|   |  |   |
| Tuesday, Sept. 25 | Course Overview/Introduction - Finkler pp. 1-23 |
|   |  |   |
| Tuesday, Oct. 2 | Cost Analysis - Finkler pp. 77-109; 119-121 | Check-in #1 |
|   |  |  Check-in #2 |
| Tuesday, Oct. 9 | Budget Process - Finkler pp. 25-66 |
|   |  |   |
| Tuesday, Oct. 16 | The Balance Sheet - Finkler pp. 123-165 | Check-in #3 |
|   |  |   |
| Tuesday, Oct. 23 | The Activity & Cash Flow Statements - Finkler pp. 168-217 | **Coho due Thursday, Oct 25** |
|   |  |   |
| Tuesday, Oct. 30 | Accounting for Non-Profit, Health Care and Government Organizations - Finkler ((SKIM the exhibits from 220-322)) | **MID-TERM** **(First 75 minutes of class)** |
|   |  |  Check-in #4 |
| Tuesday, Nov. 6 | Financial Statement Analysis - Finkler pp. 323-360 |
|   |  |   |
| Tuesday, Nov. 13 | Financial Condition Analysis - Finkler pp. 379-402 – also read Ponderosa Case 404-434 | Check-in #5 |
|   |  |   |
| Tuesday, Nov. 20 | Review and Work on Group Presentations |  |
|   |  |  Check-in #6 |
| Tuesday, Nov. 27 | Financial Strategies - Read at least one article each from *Government Finance Review*, *Harvard Business Review* and *Journal of Government Financial Management* |
|   |  |   |
| Tuesday, Dec. 4 | Group Presentations & Review  | **Financial Condition Analysis** |
|   |  |  |
| ***Thursday,*** Dec. 13 | **Final Exam** from 6:30-8:20 pm in Parrington 108 |  |

1. This is the first term that I will attempt to use Google Calendar for scheduling time to meet with students. Please be patient as we both learn the idiosyncrasies of this technology. [↑](#footnote-ref--1)