PBAF 522: PUBLIC FINANCIAL MANAGEMENT & BUDGETING
AUTUMN 2015

Instructor: Sharon N. Kioko, PhD
229 Parrington Hall
206.221.6356
skioko@uw.edu

Class Hours: Mondays 5:30pm – 8:20pm. 108 Parrington Hall
Office hours: Mondays 3:00pm – 5:00pm. 229 Parrington Hall

Course site: https://canvas.uw.edu/courses/992104

Teaching Assistant: Alicia Ahn (yeahn@uw.edu)
Office Hours: Thu. 4:20pm – 5:20pm and by appointment.

Discussion Sections: Thu. 5:30pm – 6:20pm. 106 Parrington Hall
Fri. 11:30am – 12:20pm. 106 Parrington Hall

COURSE DESCRIPTION AND OBJECTIVES:

Financial resources are the lifeblood of governments and non-profit organizations. As such, students who aspire to a career in public management or public policy must understand how managers effectively use financial resources to achieve their organizations’ mission.

By the end of this course, you should be able to:

• Determine what public sector programs and services cost by applying core principles of cost analysis, cost allocation, and cost-based decision making.

• Identify, compare, and contrast the basic revenue and expense/expenditure structures for different types of public organizations. Understand how financial resources flow vertically and horizontally through intergovernmental relationships and cross-sector sharing.

• Develop spreadsheet-based, flexible budgets for public programs and services, and use those budgets to inform program design, personnel management, policy recommendations, and other core management processes and analytical tasks.

• Understand the key institutions, processes, incentives, and politics that shape how public organizations allocate their scarce financial resources.

• Evaluate a public organization’s financial health and the most pressing threats to that health; identify strategies to improve a public organization’s financial health.

• Contrast the financial characteristics of “traditional” public sector organizations against those of emerging “hybrid” organizations, such as “for benefit” corporations, social benefit entities, and public-private partnerships

The materials covered in this course should be regarded as essential knowledge for mid- to senior-level public administrators.
This course will be managed through an UW’s internet-based course platform – Canvas. It will be the primary means of communication for this course. You will find the course announcements, syllabus, assignments, readings, lecture notes, Panopto recordings etc. on the course Canvas site (https://canvas.uw.edu/courses/992104). The Canvas login page is at canvas.uw.edu. To login, enter your UW NetID and password. If you have not activated your UW account or have forgotten your password, you can activate or change your password at http://www.washington.edu/itconnect/security/uw-netids/about-uw-netids/. If you still are having problems, contact the university ITS Help Desk (help@uw.edu or 206-221-5000). Please take some time to learn how to use Canvas and get familiar with its contents.

COURSE STRUCTURE AND EXPECTATIONS:

This course has three main components: pre-class preparation (readings and Panopto recordings), class sessions, and discussion/quiz sections. All three are equally important to your success in the course.

Prior to each class meeting, you should review all foundational materials. Foundational materials include lecture notes prepared by the instructional team outline foundational terms, concepts, and assumptions and background material from Governing magazine, financial management textbooks (if necessary) etc. The instructional team will demonstrate application of key concepts using spreadsheets, budget documents, financial reports, and other material using Panopto videos. These Panopto sessions are an especially effective way for you to learn the technical information, especially how you use Excel to implement many of a number of the analytical tools you will learn over the next 10 weeks. You should review these materials ahead of each class meeting.

In class session will focus on high-level discussion about challenges facing public sector organizations. These discussions will be informed by your review of the existing materials. I will also use the time in class to answer any questions you may have on the existing material and in some instances present additional examples, cases, and other material to further demonstrate key concepts or policy issues. Note that I will do little if any traditional lecturing on the basic course materials. Our class sessions are designed to clarify, integrate, and extend your knowledge of the basic material. If you do the required preparation, you will have no trouble with these basics.

Note for a significant proportion of class sessions you will be required to prepare an application exercises. These exercises will include practice problem sets, case studies, discussion questions, and other exercises. For some applications, you will receive a demonstration through Panopto. For the most part the applications exercises will form the basis of your check in assignment. The teaching assistant will often focus on the application exercise in your quiz section meeting. They will also provide you with related assistance on your group assignments.

Class session will be most productive if we can have an open exchange of ideas. In that spirit, 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 discussion board on Canvas or provide suggested readings under the lecture topic. I am also happy to engage in a longer conversation on these topics during regular office hours.
CLASS PROTOCOL

1. Class begins at 5:30pm and continues until 8:20pm. We will typically take a short break about halfway through. Please arrive promptly.

2. I encourage you to bring a notebook or tablet computer to class, but please do not spend your time in class sending emails, chatting on social media, or doing work unrelated to this class. If you can’t fully engage, stay home.

3. If you have a cell phone, a watch with an alarm or other distracting noisemaking devices, please be certain they are on silent (or do not disturb) mode for the duration of our meeting.

4. If you believe that you need accommodations for a disability, please contact the Disability Resource for Students (http://depts.washington.edu/uwdrs/). DRS is responsible for coordinating disability-related accommodations and will issue students with documented disabilities Accommodation Authorization Letters, as appropriate. Since accommodations may require early planning and generally are not provided retroactively, please contact DRS as soon as possible.

5. Try and communicate with me in person. I can probably address most of your questions before or after class or during office hours. The office hours listed on the first page are not the only times when I will be available to meet. If the listed times don’t suit your schedule, please send me an e-mail (skioko@uw.edu) and propose three alternative times you could meet with me and I will let you know which option works best for me. If you are unable to make it to Parrington Hall, please send me an email that concisely articulates your questions or concerns. I will check my e-mail regularly and make every effort to answer respond to your question(s) in a timely manner.

6. I encourage you to purchase basic scientific calculator. You can purchase one at most retail stores (Target, Wal-Mart, Office Depot, Staples for under $25. Be sure to purchase a 2-line calculator or a graphing calculator1). While you may use a cell phone or tablet in class, you will not be allowed to use your phone or tablet in the final exam.

7. You will be required to submit your assignments to the electronic drop-box at the course website. For group work, please provide one submission per group and list all group members on the submitted group document.

8. Unless explicitly assigned to work in groups, all students are expected to work independently. The check-in assignments, two mid-term exams, and the final exam should be the student’s own work. Unauthorized collaboration, plagiarism, copying from previous answer keys and other forms of academic dishonesty are expressly prohibited.

   It your responsibility to understand the definition of academic honesty, but if you are ever in doubt, please ask me before you do something that could put your academic career in jeopardy!

9. The final exam is scheduled for Tuesday December 15th from 8:30pm to 10:30pm. No make-up exams will be given without written authorization of the Dean.

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1 For example see the Texas Instruments TI-30XII Scientific Calculator or TI-30XS Multi-view Scientific Calculator, I use a CASIO fx-300MS calculator. It's available at most retail outlets for $14.99, not including tax.
10. No extra credit.

GRADING

Assignments and exams are weighted as follows

<table>
<thead>
<tr>
<th>QUIZ/ASSIGNMENTS/EXAM</th>
<th>% OF YOUR FINAL GRADE</th>
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<tbody>
<tr>
<td>Check-in Assignments – Individual/Group</td>
<td>15%</td>
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<tr>
<td>Budget Preparation and Analysis – Group</td>
<td>20%</td>
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<tr>
<td>Financial Statement Analysis – Group</td>
<td>20%</td>
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<tr>
<td>2 Take-Home Exams – Individual</td>
<td>20%</td>
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<tr>
<td>1 Final Exam – Individual</td>
<td>25%</td>
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<td><strong>TOTAL</strong></td>
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**Check-in Assignments:** We will outline check-in assignments prior to the lecture, in the application materials. You will prepare your responses prior to your weekly discussion section meeting. You will also be required to submit those assignments electronically via Canvas as they will form the basis of the discussions you have in the quiz sections. Note that these check-in assignments will be graded as either credit no credit. As long as you make a good faith effort, you will receive the full 15 percent at the end of the quarter. If you fail to submit your check-in exercises on time or your submission shows a lack of real effort, you will receive no credit for that assignment.

**Group Assignments:** You will be required to complete the following assignments in teams of three. You will be assigned to your team during your first quiz section meeting. Each team will submit a single assignment. When submitting your assignment, be sure to identify participating team members.

(i) "Budget Preparation and Analysis": To complete this case study you will prepare a spreadsheet-based budget and use that budget to analyze a program design scenario. This assignment will test your ability to apply core concepts from budgeting, cost accounting, and managerial accounting. See the assignment description for details. **Projects are due 8am, Monday November 2nd.**

(ii) "Financial Statement Analysis": This assignment will test your ability to apply and communicate core concepts in financial condition analysis. Working in your same teams of three, you will assess a series of public organizations according to a set of rating criteria. See the assignment description for details. **Projects are due 8am, Monday December 7th.**

**Take-home exam:** You will complete two take-home exams. Each exam is 10 percent of your final grade. I will administer the exam via Canvas. However, I do reserve the right to administer the exam on paper. The first take-home exam is scheduled the week of November 2nd. The second take-home exam is scheduled for the week of November 30th. The exams will help you and I understand how well you comprehend the material. They also help you acclimate to the pace and format of the final exam.
Final Exam: You will complete an in-class comprehensive final exam. Your final exam is 25 percent of your final grade. Please let me know immediately if you cannot attend during the scheduled exam time (December 15th, 8:30pm to 10:20pm – Parrington 108).

Final grades will be the weighted average of your check-in assignments, two group assignments, two take-home exams, and one in class final exam.

Your weighted average will be used to determine your numeric grade point. In assigning grades, I will follow the grading system required by University of Washington Graduate School (http://www.grad.washington.edu/policies/general/grading.shtml).

Please refer to the Student Handbook regarding your course grades and overall grades in the program. Keep in mind that a minimum of 2.7 is required in any core course in the MPA curriculum. A minimum cumulative grade-point average of 3.0 is required for graduation.

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**COURSE SCHEDULE**

**Week 1 (October 5th – 9th)**

**INTRODUCTION: FINANCING GOVERNMENT IN THE UNITED STATES**

*Foundation Materials*

- Lecture Note: *How do we Pay for the Public Sector*
- Governing Magazine “Guide to Financial Literacy” (Vol. I - Section 1)

**Week 2 and 3 (October 12th – 23rd)**

**COST ANALYSIS AND COST-BASED DECISION-MAKING**

*Foundation Materials*

- Lecture Note: *Introduction to Cost Analysis and Cost Based Decision Analaysis*
- Governing Magazine “Guide to Financial Literacy” (Vol. I - Section 2)

**Group Assignment #1:**

*Budget Preparation and Analysis - Due 8:00am, Monday November 2nd*

**Week 4 (October 26th – October 30th)**

**BUDGET PROCESSES AND INSTITUTIONS**

*Foundation Materials*

- Lecture Note: *Budget Process and Institutions*
- Farmer, Liz "The 7 Deadly Sins of Public Finance"
Daniel J. Evans School of Public Policy & Governance
University of Washington
PBAF 522: Public Financial Management and Budgeting

Week 5 (November 2nd – November 6th)
THE BASIC FINANCIAL STATEMENTS
Foundation Materials
• Lecture Notes – “The Basic Financial Statements”
• Governing Magazine “Guide to Financial Literacy” (Vol. I - Section 5)
• Governing Magazine “Guide to Financial Literacy” (Vol. II - Section 2)

Take-Home Exam #1

Week 6 (November 9th – November 13th)
KEY CONCEPTS OF ACCOUNTING
Foundation Materials
• Lecture note – “Key Concepts of Accounting”

Group Assignment #2:
Financial Statement Analysis - Due 8:00am, Monday December 7th

Week 7 and 8 (November 16th – November 27th)
FINANCIAL STATEMENT ANALYSIS
Foundation Materials
• Lecture note – “Financial Statement Analysis”
• Governing Magazine “Guide to Financial Literacy” (Vol. I - Section 3)
• Governing Magazine “Guide to Financial Literacy” (Vol. II - Section 2-4)
• Battilana, et. al. (2012) - "In Search of the Hybrid Ideal"

Week 9 (November 30th – December 4th)
LEGACY COSTS
Foundation Materials
• Lecture note – “Legacy Costs”
• Governing Magazine “Guide to Financial Literacy” (Vol. I - Section 4)

Take-Home Exam #2

Week 10 (December 7th – December 11th)
Catch up and Review

Comprehensive Final Exam: Dec 15th (8:30pm – 10:30pm) Parrington 108