

V560 Public Budgeting and Financial Management
 Fall 2006

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Office Hours: T, TH 11AM – noon or by appointment

COURSE DESCRIPTION

This course is an introduction to budgeting and financial management in the public sector. The course covers the following topics: 1) concepts and terminology in public budgeting and financial reporting; 2) major revenue systems, 3) the nature and characteristics of the budgetary processes in the U.S. governments; 4) capital budgeting and debt management, and 4) basics of budgetary and fiscal analysis.

You are expected to know how to use EXCEL before taking this class. If you do not know how to use formulas in EXCEL, you should acquire the skills as soon as possible in the first few weeks of the class. (Many self-help books are available in the market. If you have any questions, please contact the instructor as soon as possible.

Warning: *The course schedule is intense, and there are many weekly quizzes and assignments and a requirement of a short research paper at the end of the semester. Students who work full-time and are loaded with 6 or more credit hours are not advised to take this class.*

LEARNING OBJECTIVES

Students who complete this class are expected to acquire a broad knowledge of public budgeting and financial management issues and basic tools for budgetary analysis. As a core class of the MPA program, the course has the following objectives:

Competency Objectives	Course Features
Enhance the understanding of globalization	<ul style="list-style-type: none"> - Introductory comparison of U.S. fiscal policies with other countries - Discussion of the relationship between the global financial market and the U.S. fiscal policies
Enhance the understanding of governance issues	<ul style="list-style-type: none"> - Discussion of the rising roles of the private and non-profit sectors in public service delivery and the impact on public spending - Discussion of the roles of citizens, interest groups, and partisan politics in the public budgetary process - Discussion of the importance of democratic institutions in public budgeting
Equip students with skills in strategic analysis and action	<ul style="list-style-type: none"> - Introduction of political, economic, social, and ideological factors in public budgeting - Introduction of analytical techniques in budgetary analysis - Applications of these understanding and techniques in class assignments and projects
Equip students with skills in organizational management	<ul style="list-style-type: none"> - Discussion of organizational and human factors in budgetary decision-making and financial management - Application of organizational and leadership skills through group assignments and projects
Reinforce the value of public service and professionalism	<ul style="list-style-type: none"> - Discussion of the importance of professionalism in public budgeting and financial management - Introduction of professional ethics and analytical techniques

The course content is designed primarily for current and aspiring government officials and policymakers, but many concepts and techniques discussed in the course are relevant to managers in nonprofit organizations.

Required Textbooks

1. Lee, Robert, Ronald W. Johnson, and Philip G. Joyce 2004. *Public Budgeting Systems*, 7th edition. Sudbury, MA: Jones and Bartlett Publishers.
2. Wang, Xiaohu 2006. *Financial Management in the Public Sector: Tools, Applications, and Cases*. Armonk, NY: M.E. Sharpe.
4. Supplemental reading pack (available at the university bookstore).

Evaluation

Online Quizzes (5 points x 4)	20 points
Discussion Forums (10 points x 4)	40 points
Final paper (a case report)	40 points
Total	100 points

There will be 4 sessions of online asynchronous discussion. Students are expected to participate in all of them by preparing his or her own report, and then posting at least one response to the instructor's questions and at least one response to other students' comments. A student's participation is graded on: a) the quality of his/her own report (5 points), b) frequency of participation in the discussion forums – e.g., the number of postings (max. 3 points), b) the quality of comments and effort of extraordinary participation (max. 2 points) – e.g., whether a student responds correctly to other students' comments, whether he or she contributes any fresh idea, and whether the postings reflect accurate understanding of the class materials. The instructor will wrap up each session in class.

To encourage all students to post early so that there will be more lively and in-depth discussion, you are required to email your first response to me by Mondays at noon. Then the discussion forum will be opened and you can post your first response for others to comment on. The forum will be closed on the following Mondays at noon. If you fail to email me the first response by the deadline, 1 point (out of 5) will be automatically deducted for each day. The quality of your postings, of course, still matters, and will be reflected in the final forum points.

The final paper is a case report (max. 15 pages, double-spaced, tables and graphs included) that analyzes the financial status of a governmental organization. The case report should be written in concise and professional language. Graphs and tables should be used if they can help present the analysis. All source materials and references should be properly cited in the case report. Plagiarism is an inappropriate academic practice and, if found, will lead to penalties according to university policies.

Communication with the Instructor and office hours

The instructor will be available online as well as by phone (317-278-4898) on T, TH 11AM – noon. He can also be reached during the week by Oncourse e-mail and will try to respond to students' questions within 48 hours.

Class Schedule (subject to modification by the instructor)

Week 1. Overview of the public sector and public budgeting (Aug. 23)

- Distinctions regarding public budgeting, historical development of U.S. budgetary systems, overview of U.S. fiscal policies and international comparison.

Readings: Lee, et al., ch. 1 -2.

Online test quiz (not graded) -- Aug. 30

Week 2. Rationales of government (Aug. 30)

- Why should government be involved in certain activities? Why should the government fund or regulate certain activities?

Readings: Supplemental reading online, lecture outline in PDF format

Discussion Forum 1: Rationales of Government (10 points) – check Oncourse for more details

Week 3. Revenue systems, part I. (Sept. 6)

- Overview of revenue sources, administrative and policy issues related to property tax.

Readings: Lee, et al., ch. 4; supplemental reading (Fisher).

Week 4. Revenue systems, Part II (Sept. 13)

- Policy and administrative issues related to sales taxes
- Resource development analysis

Readings: supplemental pack -- "Taxes on Goods and Services" (Mikesell), Wang, Ch. 2.

Discussion Forum 2: Revenue Analysis (10 points) – check Oncourse for more details

Week 5. Overview of public accounting and financial reporting (Sept. 20)

- Concepts and terminology in public budgeting and financial reporting, an overview of the budgetary process in the U.S. federal, state, and local governments
- The balance sheet

Readings: Lee, et al, ch. 3 and pp. 361-396.

Wang, Ch. 9

Week 6. Financial reporting, part II – Statement of Activities (Sept. 27)

- Understanding the statement of activities and fund-level statements

Readings: Wang, Ch. 10.

Online quiz 1 (2 points – Due: Oct 4 noon)

Week 7. Financial reporting, part III – Financial condition analysis (Oct. 4)

- Financial statement ratio analysis

Readings: Wang, Ch. 7, 12.

Online quiz 2 (2 points – Due: Oct. 11)

Week 8. Basic budgetary analysis (Oct. 11)

- Percentage change analysis, revenue and spending analysis in constant dollars, forecasting
- Performance measurement

Readings: Lee, et al., ch. 7; Wang, Ch. 1.

Online quiz 3 (5 points -- Due Oct 18)

Week 9. Introduction to public budgeting (Oct. 18)

- The environment of budgeting, the role of the budget office, the budget review and approval process, the roles of citizens and partisan politics.

Readings: Lee, et al., Ch. 5, 6, and 8, supplemental readings.

Week 10. Budget execution and program management (Oct. 25)

- Miscellaneous issues related to program delivery, downsizing, privatization, management control, pension management, and tax collection.

Readings: Lee, et al., ch. 10, supplemental reading online

Discussion Forum 3: President Bush's PART (10 points) – check Oncourse for more details

Week 11. Managing cash and investment (Nov. 8)

- Cash management, accounts receivable management, inventory management

Readings: Wang, Ch. 8, Lee, et al., pp. 324-335.

Week 12. Capital budgeting and debt management (Nov. 15)

- Planning and budgeting for capital improvements, techniques for evaluating spending priorities, overview of debt policies and management.

Readings: Lee, et al., ch. 12; Wang, ch. 5 and 6.

Online Quiz 4 (5 points – Due Nov. 22)

* * * Nov. 22 – Thanksgiving holiday. No class.

Week 13. Miscellaneous budgeting issues (Nov. 29)

- Federal budgetary challenges, intergovernmental fiscal relations

Readings: Lee, et al., ch. 14; supplemental reading online

Discussion Forum 4 (10 points) – check Oncourse for more details

Week 14. Preparation of the case report (Dec. 6)

Week 15. Submission of the case report (Dec. 13)

Academic Misconduct

All faculty have the responsibility of fostering the “intellectual honesty as well as the intellectual development of students” and part of this responsibility means that faculty must investigate cases of potential academic misconduct promptly and thoroughly. The faculty also has the responsibility of taking appropriate action when academic misconduct occurs.

The penalties for academic misconduct include but are not limited to lowering a grade on an assignment, lowering a course grade, or failing a student for a course. Significant violations of the Code can result in your expulsion from the University. If you have any questions about what constitutes academic misconduct for a course you are taking, be sure to ask the instructor for an explanation.

SPEA faculty take their responsibilities seriously and do not tolerate cheating, plagiarism, or any other form of academic misconduct. If you have not done so, you should read the IUPUI *Code of Student Rights, Responsibilities, and Conduct*, which can be accessed at <http://www.life.iupui.edu/help/code.asp> so you will be sure to understand what these terms mean and what penalties can be issued for academic misconduct.

When a student is suspected of academic misconduct, the instructor will have an informal conference with the student in a timely fashion and provide the student with an opportunity to respond to the allegations. If the instructor believes that academic misconduct has occurred, he/she will initiate the academic misconduct process, which includes the possibility of a hearing if the student disagrees with the allegations.

The *IUPUI Code of Student Rights, Responsibilities, and Conduct* defines six areas of academic misconduct: cheating, fabrication, plagiarism, interference, violation of course rules, and facilitating academic misconduct. The prohibited activities and actions include the following:

1. **Cheating.** A student must not use or attempt to use unauthorized assistance, materials, information, or study aids in any academic exercise, including, but not limited to, the following:

- A student must not use external assistance on any "in-class" or "take-home" examination, unless the instructor specifically has authorized external assistance. This prohibition includes, but is not limited to, the use of tutors, books, notes, and calculators.
- A student must not use another person as a substitute in the taking of an examination or quiz.
- A student must not steal examinations or other course materials.
- A student must not allow others to conduct research or to prepare work for him or her without advance authorization from the instructor to whom the work is being submitted. Under this prohibition, a student must not make any unauthorized use of materials obtained from commercial term paper companies or from files of papers prepared by other persons.
- A student must not collaborate with other persons on a particular project and submit a copy of a written report which is represented explicitly or implicitly as the student's individual work.
- A student must not use any unauthorized assistance in a laboratory, at a computer terminal, or on field work.
- A student must not submit substantial portions of the same academic work for credit or honors more than once without permission of the instructor to whom the work is being submitted.

h. A student must not alter a grade or score in any way.

2. **Fabrication.** A student must not falsify or invent any information or data in an academic exercise including, but not limited to, records or reports, laboratory results, and citations to the sources of information.

3. **Plagiarism.** A student must not adopt or reproduce ideas, words, or statements of another person without appropriate acknowledgment. A student must give credit to the originality of others and acknowledge an indebtedness whenever he or she does any of the following:

- a. Quotes another person's actual words, either oral or written;
- b. Paraphrases another person's words, either oral or written;
- c. Uses another person's idea, opinion, or theory; or
- d. Borrows facts, statistics, or other illustrative material, unless the information is common knowledge.

The School of Education in Bloomington has developed a tutorial that will help you understand plagiarism – you can access the tutorial by linking to <http://www.indiana.edu/~istd/>.

4. **Interference.**

- a. A student must not steal, change, destroy, or impede another student's work. Impeding another student's work includes, but is not limited to, the theft, defacement, or mutilation of resources so as to deprive others of the information they contain.
- b. A student must not give or offer a bribe, promise favors, or make threats with the intention of affecting a grade or the evaluation of academic performance.

5. **Violation of Course Rules.** A student must not violate the course rules contained in a course syllabus or other information provided to the student.

6. **Facilitating Academic Misconduct.** A student must not intentionally or knowingly help or attempt to help another student to commit an act of academic misconduct.

Civility

Civility is important in an academic community to ensure that all parties—students, staff, and faculty—are working in an environment that fosters achievement of the individual's and community's goals and objectives. Civility requires all parties to demonstrate personal integrity and conduct themselves in a manner that shows respect, courtesy and tolerance to others. Examples of discourteous behaviors during class include reading the newspaper, listening to headphones, talking or laughing with others, chronically arriving late, and so forth. These behaviors are distracting to the instructor and classmates, and SPEA faculty will address these problems as they arise. Maintaining and fostering civility inside and outside the classroom is especially important to SPEA, which is a professional school.

Pursuant to the Indiana University Student Code of Conduct, disorderly conduct which interferes with teaching, research, administration, or other university or university-authorized activity will not be tolerated and will be immediately reported to the Office of The Dean of Students for appropriate disposition which may result in disciplinary action including possible suspension and/or expulsion from the university.

Communication between Faculty and Students

In order to verify the identity of all parties involved, effective September 1, 2004, all email communication from current SPEA students to SPEA staff must originate from an Indiana University email account. For email communication with SPEA faculty, current SPEA students should refer to course syllabi for instructors' preferences (Oncourse, Webmail, etc.). This policy applies to current students only. Instructions for forwarding your IUPUI email to another account can be found at <http://support.uits.iu.edu/scripts/ose.cgi?http://kb.indiana.edu/data/beoj.ose.help?osecat=email>

Course Withdrawals

Students who stop attending class without properly withdrawing from the class may receive a grade of F. It is important to withdraw from a course within specified timeframes (see chart below). Note that withdrawals after Week 12 of a regular session or Week 4 of a summer session are rarely granted. **Poor performance in a course is not grounds for a late withdrawal.**

No withdrawal forms will be processed in the Office of the Registrar after the last day of classes. Any requests for a late withdrawal after the last day of classes must go through the grade appeal process, but each student should remember that in accordance with campus policy, SPEA does not permit a student to withdraw from a course if he/she has completed the course requirements. Grade replacement should be used in this case. See the Office of the Registrar's website at <http://registrar.iupui.edu/withdraw.html> for more information. To withdraw, obtain a withdrawal slip (DROP/ADD Form) from the SPEA Student Services window. Instructions for completing it are given on the form.

Withdrawal Deadlines	
Course deleted from record, no grade assigned, 100% refund (Advisor signature IS NOT required)	Week 1 (last day)
Withdrawal with automatic grade of W (Advisor signature IS required)	Week 2– Week 7 (regular session) Week 2 – Week 3 (summer session)
Withdrawal with grade of W or F (Advisor and instructor signatures ARE required)	Week 8 – Week 12 (regular session) Week 3 – Week 4 (summer session)

Incompletes

A grade of incomplete (I) indicates that a 'substantial portion' of the work in a course has been satisfactorily but not entirely completed by the student as of the end of the semester. The incomplete can be given to a student facing a hardship such that it would be unjust to hold the student to the established time limits for completing the work. To be eligible for the incomplete in a SPEA course, the student's work must be of passing quality, and the student must have completed 75% of the course requirements. **Poor performance in a course is not grounds for an incomplete.** See the Office of the Registrar's website at <http://registrar.iupui.edu/incomp.html> for more information. Incompletes must be removed within a time period not to exceed one year after the semester in which the student was enrolled in the course. The incomplete will revert to an 'F' if the work is not completed within the allotted timeframe established by the instructor.

Grade Changes

Under certain circumstances, students can seek grade changes for previously taken courses if they believe that a grade has been calculated or assigned incorrectly. A student who is seeking a grade change must first contact the instructor and ask for the grade change. In the event the instructor does not change the grade, the student can file a Change of Grade Petition with the Registrar's Office. The petition is then sent to SPEA for its consideration. **The petition must be filed within 1 year of the date when the student was enrolled in the course.** In cases of extenuating circumstances, SPEA may consider petitions filed after this date, but in no case will it consider petitions filed 5 years or more after the date the course is taken. SPEA will review the request and make a final decision. The Change of Grade petition form is located at the Office of the Registrar's website at <http://registrar.iupui.edu/grdfm.html>.

Students Called to Active Duty

SPEA encourages any student who is in the Indiana Military Reserves and is called to active duty to finish his/her coursework if at all possible. Students who cannot complete their courses have the option of withdrawing with 100% fee refund, but this request must be made within one week of being called to active duty. Students who are called to active duty may qualify for an incomplete (provided that all the above criteria have been met). For further information, please see the Office of the Registrar's website at <http://registrar.iupui.edu/activeduty.html>.

Final Exam Schedule

If a final exam is given, it must be held on the day and time set in the final exam schedule. If an instructor has changed the final exam date, the student should first consult with the instructor. Students who have more than three final exams in one day or insufficient time to get from one exam to another should consult with their instructors to resolve these conflicts. Exams may not be given in the week before the final exam week. If a student is not able to resolve a final exam problem with the instructor, the student may report the problem to the Director of Policies, Procedures, and Assessment. See the Office of the Registrar's website at <http://registrar.iupui.edu/accal.html> for the final exam week schedule.