

POL SCI 630 - Budgeting and Finance in the Public Sector Fall, 2011

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Required Texts:

Aronson, Richard, and Eli Schwartz, eds. 2004. *Management Policies in Local Government Finance*, 5th edition. International City/County Management Association. (Labeled "AS" in assigned readings)

Marlowe, Justin, William Rivenbark, and John Vogt. 2009. *Capital Budgeting and Finance: A Guide for Local Governments*, 2nd ed. International City/County Management Association (Labeled "MRV" in assigned readings)

Ammons, David. 2009. *Tools for Decision Making: A Practical Guide for Local Government*, 2nd edition. CQ Press. (Labeled "AM" in assigned readings)

Coe, Charles. 2007. *Governmental and Nonprofit Financial Management*. Management Concepts (Labeled as "COE" in assigned readings)

The chapters in the Ammons and Coe texts contain a lot of formulas. You will NOT need to know these for the exams (unless I specifically indicate that you should know certain formulas for an exam).

Additional book not found at UWM bookstore (**free PDF download from GFOA website**)

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting, type the following URL: <http://www.gfoa.org/services/nacslb/>

There are no specific assigned readings from the above book, but I will likely make references to content found in the book throughout the semester.

Supplies

We may be doing a few exercises that require calculations, so a basic calculator would be handy. I will tell you a week in advance when we will be doing such exercises.

If the reading load for a particular topic is light, that means we will have extensive in-class coverage of the topic.

Course Description:

This course provides an overview of the processes, techniques, and politics of public budgeting. The purpose of this course is to provide a foundation for understanding the nature of public budgeting primarily at the local (i.e., municipal) level. Special emphasis will be placed on applied budgeting techniques. This is NOT a course about the politics of the budgetary process at the federal level.

No prior background in budgeting is necessary to do well in this course. The student makeup of this course varies considerably and typically ranges from upper-division undergraduates with no experience in budgeting to senior level MPA students with public sector work experience.

Based on past experience, students who've worked in the public sector often stop me before I'm finished presenting a topic to make comments along the lines of "that's not exactly how we do things in my city, agency, department, etc." While I appreciate input from students, repeated comments along these lines force me to get into long one-on-one discussions with individual students. I end up straying off topic as I try to address these comments and students who have little prior experience in public budgeting usually get bored or confused. If you are an experienced public sector official, please remember that there are undergraduates and new MPA students who are entering the course knowing little to nothing about public budgeting.

Our focus in this course is on general principles of budgeting. Variations in budgeting methods/procedures across governments are common, so if you have nuanced questions that deal with specific procedures used where you're working, please ask these questions at break or after class. Having said this, if you are confused about a topic, you should certainly not be afraid to ask questions.

Course Requirements

Your grade in the course will be based on the following:

1. Mid-term exam - 33 percent of your final grade.
2. Second exam - 33 percent of your final grade.
3. Paper - 34 percent of your final grade. (You will receive a handout on the requirements for this assignment by the second week of class). The length requirement for this paper will be in the 10 to 12 page range.

The second exam is not a cumulative final. It will only cover material presented after the midterm exam.

Grading Scale used to determine final course grade

A 93-100	A- 90-92.9		
B+ 87-89.9	B 83-86.9	B- 80-82.9	
C+ 77-79.9	C 73-76.9	C-70-72.9	
D+ 67-69.9	D 63-66.9	D-60-62.9	F 0-59.5

Attendance

Since many of you are currently working, occasional late arrivals or absences are understandable. **However, if you already know you will be missing a significant number of classes due to ongoing commitments like work, city council meetings, etc, you should take the course another term.**

Accommodations for Disabled Students

Students with disabilities should contact me early in the semester so that any special accommodations can be made promptly.

Makeup Exam Policy

Makeup exams will differ from regular exams. Makeup exams will only be given if you have a University excused absence. An absence is considered excused if you can provide official documentation of a medical condition, such as a note from a physician.

Makeup exams will generally differ in content from regular exams. Makeup exams must be completed within a reasonable amount of time (normally before the next class session). If your schedule is packed so tight that you cannot find a time for a makeup exam, I will assign two possible makeup exam times. You will be required to either pick one of the two times or take a zero for the exam in question.

I do not give take-home makeup exams, and I will not fax or e-mail you a copy of the exam so you can take it while you are at work. Makeup exams must be taken on campus and be completed before the department office closes. The class session following the regular exam date cannot be used as a time to take a makeup exam. The content of makeup exams will differ from the content covered on regular exams.

Office hours will not be used to repeat lectures, so if you miss a class you will need to obtain notes from another student. Handouts are distributed in class each week. I do not bring old handouts with me to class. I also do not give out my notes to students for any reason (even excused absences).

Occasionally, I may post announcements and other information on the D2L website for this course. However, I will not be posting lecture outlines or my notes on this site.

I have supplied my e-mail address above. Please use e-mail to notify me of absences or to ask simple questions. If you have detailed questions about materials covered in the readings

or lectures you should ask these questions in person.

Topics:

Introduction to Budgeting

Readings: AS, Chapter 7 "Budgeting"
AM, chapter 10 "Performance Measurement and Monitoring"
AM, chapter 11 "Using Performance Standards"
AM, chapter 31 "Analysis of Operations Via Benchmarking"

The Budget Cycle

Readings: AS, Chapter 7 review pgs. 186-205

Public Revenues and Expenditures

Readings: Revenues

Coe, Chapter 3 "Budgeting"
AS, Chapter 4 pgs. 90-93
AS, Chapter 10 "The Property Tax"
AS, Chapter 11 "General Sales, Income, and Other Nonproperty Taxes"
AS, Chapter 12 "User Charges and Special Districts"

Cash Management

Coe, Chapter 5 "Cash Management"
AS, Chapter 16 "Cash and Investment Management"

Suggested Reading: Miller, Girard. 1998. *Investing Public Funds*, 2nd ed. Government Finance Officers Association.

Expenditures

AS, Chapter 4 pgs. 86-89
AM, Chapter 16 "Identifying Full Costs of a Program"
AM, Chapter 6 "Demand Analysis"
AM, Chapter 12 "Adjusting for Inflation When Comparing Revenues or Expenditures"
AM, Chapter 28 "Break-Even Analysis"

Economic Development Techniques and Monitoring Financial Conditions

Readings: AS, Chapter 13 "Economic Development"
AM, Chapter 27 "Financial Condition Analysis"

Fund Accounting

Readings: AS, Chapter 8 "Financial Accounting, Reporting, and Auditing"

Midterm Exam (TBA, around end of October)

Auditing and Internal Controls

Readings: (mostly in-class handouts) and Coe, pages 27-30

Capital Budgeting

Readings:

MRV, Chapter 1	"Capital Budgeting: Rationale, Policy and Process"
MRV, Chapter 2	"Capital Improvement Program"
MRV, Chapter 3	"Evaluation and Prioritization of Capital Assets"
MRV, Chapter 4	"Prioritizing Capital Projects"
MRV, Chapter 9	"Implementation, Oversight, and Evaluation"
AM, chapter 14	"The Time Value of Money: Opportunity Costs, Discounting, Compounding, Future Value, and Present Value"
AM, chapter 15	"Simple Options for Annualizing Costs of Capital Items: Usage-Rate and Straight-Line Depreciation"

Debt Management

Readings:

Coe, Chapter 6	"Debt Management"
MRV, Chapter 5	"Capital Financing Strategy"
MRV, Chapter 6	"Pay-As-Go Capital Financing"
MRV, Chapter 7	"Debt Options"
MRV, Chapter 8	"Planning, Structuring, and Selling Debt"
AM, chapter 13	"Basic Investment Calculations: Figuring Interest Rates and Yields"

Suggested Readings: AS, Chapter 14 "Debt Management"

Purchasing and Risk Management

Readings:

Coe, Chapter 4	"Purchasing"
Coe, Chapter 7	"Risk Management and Pensions"
AS, Chapter 15	"Procurement"
AS, Chapter 17	"Risk Management"

Revenue and Expenditure Forecasting Techniques

Readings: AS, Chapter 5	"Forecasting Local Revenues and Expenditures"
AM, Chapter 30	"Forecasting via Trend Analysis"

If we have time, the remaining topic will be covered in class.

Long-Term Financial Planning

Readings: In class handouts

Second Exam (Monday, December 19th 6-8:40)