

PADM590 Budget Tools for Public and Health Organizations SUMMER INTENSIVE COURSE

Professor Agustin Leon-Moreta
Summer 2020

Class Meeting: Tuesday and Thursday 4:00-6:30 pm. You'll join using the Zoom Class Meeting link on Learn.

Office Hours: Zoom and phone meetings are available by appointment.

Address: Social Sciences 3006

Email: apleonmoreta@unm.edu. Email is best to get in touch. *Allow up to 24 hours for a response to emails.*

Phone: Call (505) 277-1092 if you need immediate assistance.

PRIOR KNOWLEDGE

- a) PADM 544 Public Budgeting or 563 Healthcare Finance is highly recommended.
- b) Basic familiarity with Excel spreadsheets. Students unfamiliar with Excel should seek one-on-one support from the professor or the UNM Graduate Resource Center.

COURSE DESCRIPTION

Welcome to PADM 590 *Budget Tools for Public and Health Organizations*. This course focuses on planning and budgeting techniques for public and health organizations. It is intended to build upon knowledge learned from core courses like 544 Public Budgeting and 563 Healthcare Finance. Financial planning and budgeting are critical to organizational survival and success. This course addresses the financial planning and budgetary processes, with specific attention paid to issues facing both public and health organizations. The course covers techniques for cash, operating, and capital budgeting. It also addresses working capital, implementation of budgets and financial plans, and financial performance management.

The course includes lectures, problem exercises, research papers, and other assignments structured to integrate both conceptual principles and practical techniques for both public and health organizations. Also you'll have a chance to develop spreadsheet skills by using Excel to perform financial calculations and create budgetary documents.

COURSE OBJECTIVES

The primary objective of this elective course is to teach students how to use budgetary and financial tools to make informed decisions in both public and health organizations. An additional objective is to help students develop their quantitative and communication skills. The course focuses on principles and practices in budgeting and financial planning. The course also discusses the economic and fiscal contexts in which budgeting and financial planning take place in both public and health organizations. The course takes an inclusive approach for public and health organizations, rooted firmly in understanding that the principal challenges of budgeting and financial planning are:

- Executing, evaluating and, when necessary, changing existing financial plans and practices
- Anticipating and, where appropriate, mitigating challenges over future decisions
- Presenting complex budgeting and financial information to different stakeholders in intuitive, straightforward, and comprehensive ways.

- Deciding how to engage diverse stakeholders in the budgeting and financial planning process
- Using budgetary data and information tools for decision making
- Applying theories and practical techniques of budgeting and finance to both public and health organizations

The following core learning outcomes are addressed in this course:

- Demonstrate familiarity with basic budgeting processes, concepts, and tools.
- Distinguish among key financial concepts such as efficiency and effectiveness, inputs, outputs, and outcomes, budgeting, and financial planning in public and health organizations.

POLICIES

Punctual Attendance Required: Beginning the first day, attendance will be recorded at 4:00 pm. Per the UNM Student Handbook, a student may be dropped from the course as a consequence of absences from class. **This attendance requirement applies equally to main-campus students and distance/online students.** All students are expected to use a desktop computer, camera, and cable internet or high-speed connection for participating in class. Your camera must be *on* during the class meeting; students not visible to the professor aren't considered in attendance.

No Late/Makeup Assignments: Late or makeup assignments won't be accepted. Under an extraordinary circumstance only, I may consider a late submission for partial credit.

Time/Workload Commitment: This is a summer-**intensive course** that requires **independent work and study**. To learn the course content successfully, graduate **students should commit at least 12 hours** per week to the course outside of class.

Electronic Devices: **Turn off cell phones** during class. A computer is permitted only for class-related work only, such as participating in class or taking notes. **Don't use your computer for other purposes.**

Academic Integrity and Consequences: The University of New Mexico believes that academic honesty is a foundation principle for personal and academic development. All University policies regarding academic honesty apply to this course. Academic dishonesty includes, but is not limited to, cheating or copying, plagiarism (claiming credit for the words or works of another from any type of sources such as print, Internet or electronic database, or failing to cite the source), fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of tests and exams, submitting work of another person or work previously used without informing the professor, or tampering with the academic work of other students. **All course assignments are independent, individual work.** Student assignments will be checked for originality through the UNM Safe Assign system. The University's full statement on academic honesty and the consequences for failure to comply is available in the Catalog and the Pathfinder.

Accommodation Statement: In accordance with University Policy 2310 and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for accommodation. It is imperative that you take the initiative to bring any such needs to my attention since I'm not legally permitted to inquire. Students who may

need assistance in emergency evacuations should contact me as to the most appropriate procedures to follow. If you need an accommodation based on how course requirements interact with the impact of a disability, you should contact me to arrange an appointment as soon as possible. At the appointment, we can discuss the course format and requirements, anticipate the need for adjustments and explore potential accommodations. We'll rely on the Disability Services Office for assistance in developing strategies and verifying accommodation needs. If you haven't previously contacted them, I encourage you to do so. Contact the Accessibility Resource Center at 277-3506 for more information.

Email Communication: Using your UNM email account is recommended for electronic communication.

Student Feedback: Your feedback on the course will be welcome and appreciated. We'll ask for your feedback through various channels, formal and informal, throughout the semester.

Syllabus Changes: **This syllabus will be updated** as needed. I reserve the right to change anything of the syllabus, at any time, including grading rubrics, weighting, and assignments. Assignments may be added or increased over the semester. As any change is made, an updated syllabus will be posted. **Use the most recent syllabus posted on Learn.**

GRADING

Participation	10
Problem sets	10
Tests	20
Case study	30
<u>Final exam</u>	<u>30</u>
Total grade	100 points

Participation: Participation will be worth 10 points out of 100 points. **Punctual attendance is required for every class** meeting of the semester. Active participation in class is expected. Please feel free to interrupt me in-class with questions or comments. Study the course materials entirely, in preparation for class participation. To earn participation credit, you should: ask questions, discuss class materials, answer the professor's questions, demonstrate citizenship behavior in class, and/or **reach out to the professor with questions outside of class**. Class participation applies equally to main-campus students and distance/online students.

Problem Sets: Weekly problem sets will be worth 10 points out of 100 total points. They will be applied exercises regarding the course materials. The problem sets are a very important component of the course because they'll give you an opportunity for practical applications. The problem set will open on Learn every week after Thursday's class. I'd be happy to look over drafts of your work. If you'd like early feedback, email me draft versions at least twenty-four hours before the deadline. You must turn in the problem set via Learn by Tuesday noon.

Tests: Weekly tests will be worth 20 points out of 100 total points. They will assess weekly reading assignments. **Readings must be completed before class** meetings when those readings will be discussed. Required readings will be based on the textbooks, but additional readings may

be assigned over the semester. Tests will open on Learn every week after Thursday's class. Tests include a variety of questions. Tests are a very important component of this course because they give you opportunities for skill application and practice toward the final exam. Each test offers three attempts for you to ensure the highest possible grade. You must complete the tests by Tuesday noon.

Final Exam: The final exam will be worth 30 points out of 100 total points. The exam format will be similar to the tests but comprehensive of all course materials. This final examination will open from July 18 through the 20th.

Case study: An integrative case study will be worth 30 points out of 100 total points. The case study will be about assessing the financial condition of a public or health organization. It should be written in the format of the PADM 553 Professional Paper (pro-paper). You'll present in-class reports of your case study over the semester. Papers will be checked for originality through the UNM Safe Assign system. See the appendix for case study guidelines. I will provide, in class or by email, further information regarding this case study. The case study paper is due on July 25.

Grading Rubric for assignments:

(A+) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, comprehensive, creative, innovative, methodologically sophisticated, and well written. Work is of the highest professional quality.

(A/A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates a strong understanding of appropriate methodological or analytical approaches, and meets professional standards.

(B+) Good: Good work for a graduate student; well-reasoned and methodologically sound. This is the graduate student grade that indicates the student has accomplished the basic objectives of the course.

(B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate, but the student has not been thorough or has shown other weaknesses or limitations.

(B-) Borderline: Weak work for a graduate student; it barely meets the minimal expectations for a graduate student in the course. Understanding of salient issues is incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in good standing.

(C/-/+) Deficient: Inadequate work for a graduate student; doesn't meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate the knowledge or technical competence expected of graduate students.

(F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

COURSE MATERIALS

1. Selected chapters from Ross (2018). *A Comprehensive Guide to Budgeting for Health Care Managers*. Burlington, MA: Jones & Bartlett Learning. ISBN 9781284014617: ebook **available to order via** our bookstore:
<https://unm.verbacompare.com/comparison?id=375758%2C376144>
 2. Chen, Weikart, and Williams (2014). *Budget Tools: Financial Methods in the Public Sector*, 2nd edition. Thousand Oaks, CA: CQ Press: **available via Learn**. Your Blackboard Learn page will be automatically loaded with this book by RedShelf. The price for students (\$33.00 according to the bookstore) will be charged to your bursar account. If you'd like a print book or more information, check out https://bookstore.unm.edu/t-1unm_inclusiveaccess.aspx or contact inclusiveaccess@unm.edu. **Opt out before the deadline** if you prefer to buy the book from another vendor.
- Microsoft Excel. Available for free at <http://it.unm.edu/software/students/index.html>
 - Additional materials posted on Learn

TENTATIVE SCHEDULE OF READINGS

Week I. June 2-4

Ross: Scratch budgeting

Chen: 2: Organizing budget data

3: Fixed and variable costs

Week II. June 9-11

Ross: Incremental budgeting

Chen: 6: Time value of money

7: Inflation

Week III. June 16-18

Ross: Flexible budgeting

Chen: 8: Sensitivity analysis

9: Integrating budgeting with performance

Week IV. June 23-25

Ross: Zero-base budgeting

Chen: 12: Determining the baseline budget

13: Decision packages: cost estimates

Week V. June 30-July 2

Ross: Variance analysis

Chen: 22: Operating plan and variance analysis
17: Cost-benefit analysis

Week VI. July 7-9

Ross: Cost-benefit analysis

Chen: 18: Life cycle costing
19: Capitalization and depreciation

Week VII. July 14-16

Ross: Ratio analysis

Chen: 25: Accounting
26: Financial statement analysis

Last week of the semester

- Final exam due on Monday, July 20
- Paper due on Saturday, July 25

APPENDIX Case Study Expectations

I. Introduction (1 page)

In this case study you'll examine the audited financial statements of a public or health organization. Your organization of choice should have financial reports available for at least two consecutive years since you'll need to examine those reports for this project. If interested in a governmental agency, I recommend that you use the financial reports of a large city or state government. If interested in a healthcare organization, I recommend that you study an organization whose financial statements are publicly available such as the UNM Hospital. Interpreting financial reports is one of the most important skills for both public and health managers. This assignment is intended to develop that foundation. Your case study should be organized into two specific sections. In the first section you'll analyze the revenues and expenses pertaining to the programs or services delivered by your organization. In the second section you'll analyze ratios to assess the organization's financial condition. The objective of analysis thus is to summarize the structure of revenues and expenses in the context of your organization's programs and assess its end-of-year financial results and position.

II. Revenues and Expenses (about 4 pages)

Using the Statement of Activities and the Statement of Functional Expenses for two consecutive years, identify the main expenses of your organization. What are the main mission programs of the organization? How are expenses distributed across those programs? What are the major sources of revenue for your organization and why? Discuss how diversified or constrained are the revenue sources of your organization. Does this organization rely on one or multiple sources of revenue? What advantages or disadvantages do you see in the organization's dependence on those revenues? Also, how could the organization find additional sources of revenue in the event of revenue shortfall? How are revenues and expenses changing over the last years? Support your analyses by summarizing major amounts from the financial reports.

III. Financial Analysis (about 4 pages)

Using the audited financial statements and supplementary information, analyze the financial results and position of your organization. You'll select and calculate relevant ratios for analysis. Assess the liquidity of your organization. Does the organization have enough cash and short-term assets to meet short-term obligations? Assess its financial position and solvency. Does the organization have a strong ability to meet long-run obligations? Use the Notes to identify significant accounting policies that potentially affect the reliability of the financial statements. Are you concerned about the credibility of the financial reports based on your reading of the Notes?

IV. Conclusion and Recommendations (1 page)

In this concluding section, summarize your findings concerning the financial results and position of the organization for the last years. Suggest budget priorities or financial practices for future years based on your research. Suggest what the organization can do to strengthen its long-run financial position.

Format of the Paper

Format: It should be written in a format similar to the PADM 553 Professional Paper.
Length: About 10 double-spaced pages, aside from appendices. There's no upper limit.
Appendices: Place references, graphs, or tables into appendices (not within the text).
Font: Use Times New Roman, 12 pt.
Margins: 1 inch

Deadlines

The paper on your case study must be submitted by the last day of the semester.

Suggestions

You may incorporate preliminary ideas and analyses on your organization from the weekly problem sets. You may use and cite additional bibliography for this case study.