

Public Financial Administration

Professor Agustin Leon-Moreta, Ph.D.

Fall 2015

Class Sessions: Dane Smith Hall 134, Saturday 9:00 - 11:30 am

Office Hours: Friday 3:00 - 5:00 pm. Or by appointment.

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PRE-REQUISITES

- PADM 544 Public Budgeting
- Recommended: Basic knowledge of Excel (also, students may be required to attend Excel workshops from the UNM Libraries and the Graduate Resource Center)

Please seek my permission for enrollment, if you would like to take this class but don't have these prerequisites.

COURSE DESCRIPTION

Welcome to *PADM 546 Public Financial Administration*. This course builds upon concepts learned from your PADM 544 Public Budgeting course, and it covers additional theories, analytical tools, and practical applications in financial administration. We'll emphasize theory and practice of public financial administration for state and local governments. The course covers concepts, theory, analytical techniques, reporting, and communication in the area of public financial administration. We also study methods for evaluating the financial condition of governments and the role of information technology for public financial management. Topics include analysis of financial management functions of government including treasurer, comptroller, accounting, capital budgeting, auditing, debt, cash management and other functions. By readings, lectures, problem sets, and exams, you will gain an understanding of how to use financial information for planning, execution, control, reporting, and analysis.

COURSE OBJECTIVES

The primary objective of this graduate course in public financial administration is to teach students how to use financial information and tools to make decisions in public organizations. A secondary objective is to help students develop their quantitative and communication skills. The course focuses on principles and practices of financial administration. The course then discusses the economic and fiscal contexts in which public financial administration takes places in state and local governments. The course takes a broad approach rooted firmly in an understanding that the principal challenges of contemporary financial administration are:

- Executing, evaluating and, when necessary, changing existing financial policies and procedures
- Anticipating and, where appropriate, ameliorating challenges over future decisions
- Presenting complex financial information to different stakeholders in intuitive, simple, and comprehensive ways.
- Deciding when and how to engage new stakeholders in the financial administration process

- Using financial data and information technology for decision making in state and local governments
- Applying theories and analytical techniques of financial administration to state and local governments

The following MPA learning outcome is addressed in this course:

- Students will demonstrate knowledge of public financial administration.

POLICIES

Syllabus Change: A guide to the course, **this syllabus will be updated as needed**. I reserve the right to change any content of the syllabus, including grade weights allocated to course assignments. Assignments may be added or changed during the semester. If syllabus changes are made, I'll announce them either in class or by email.

Punctual Attendance Required: Beginning the first day, attendance will be recorded at 9:00 am. Per the UNM Student Handbook, a student may be dropped from the course as a consequence of absence from class.

No Late/Makeup Assignments: Late or makeup assignments won't be accepted. However, I reserve the right to consider any late submission, for partial credit, under extraordinary circumstances.

Time/Workload Commitment: This course is an advanced course of the MPA program. To successfully learn the course material, graduate **students should commit at least 10 hours per week** to the course outside of class.

Electronic Devices: In class, please turn off all electronic devices, including phones, tablets and laptops.

Academic Integrity: The UNM Student Handbook outlines the University's expectations for the integrity of students' academic work, the procedures for resolving alleged violations of those expectations, and the rights and responsibilities of students and faculty members throughout the process. Students are responsible for reading the Student Code of Conduct and for upholding the highest standards of integrity in this class. Violation of the Code carries penalties discussed in the Code. Students' work may be checked for originality through the UNM Turnitin system <http://turnitin.unm.edu/>

Accommodation for Disabilities: Students with disabilities needing accommodation should: (1) register with and provide documentation to the Accessibility Resource Center, and (2) bring a letter to the instructor indicating the need for accommodation and what type. This should be done during the first week of class. This syllabus and class materials are available in alternative format upon request. For more information regarding resources available to students with disabilities, please contact Accessibility Services at Mesa Vista Hall 2021; phone: (850) 277-3506; or <http://pathfinder.unm.edu/campus-services/services-students-disabilities.html>

E-mail Communication: As required by SPA policy, students should use their UNM e-mail for any electronic communication.

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

COURSE MATERIALS

Required

1. Bartle, John R., W. Bartley Hildreth, and Justin Marlowe. 2013. *Management Policies in Local Government Finance*, 6th edition. Washington, DC: ICMA Press. ISBN 978-0873267656, http://icma.org/en/press/print/management_policies_in_local_government_finance
2. Chen, Greg G., Lynne A. Weikart, and Daniel W. Williams. 2015. *Budget Tools: Financial Methods in the Public Sector*, 2nd edition. Thousand Oaks, CA: CQ Press. ISBN 978-1483307701, <https://study.sagepub.com/chen2e>
3. Microsoft Word and Excel.
4. UNM Learn and e-mail

Note: I recommend renting or buying a hard copy of the textbooks rather than e-books, if possible. Don't buy earlier editions of the textbooks.

GRADING

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

Participation: This will be worth 10 points out of 100 course points. **Punctual attendance is required for every class** meeting of the semester. Active participation in class is expected. In class, please feel free to interrupt me with questions or comments. Participation includes asking questions, commenting on the class material, answering instructor's questions, collaborating in group activities, and citizenship behavior in class.

In addition, participation will include a one-on-one meeting with the instructor at the beginning of the semester (By phone or video calling if possible for distance students. You may download a free Zoom app from <https://zoom.us/download> or Skype for a video call.) **Please send me an email to schedule an appointment for this meeting.**

Problem sets: Problem sets will be worth 10 points out of 100 course points. They will be applied exercises regarding weekly material. The problem sets are a very important component of the course because they give an opportunity for practical applications. The weekly problem set will be announced by UNM Learn and/or email. Your problem set must be submitted on UNM Learn by Friday, a day before class meets.

Tests: These will be worth 20 points out of 100 course points. They will assess weekly reading assignments. **Readings must be completed prior to class** sessions, when those readings will be discussed. Weekly readings will be based on the textbooks, but additional readings may be assigned in the semester. The weekly test will be open on UNM Learn after class and due on Friday, a day before the next class is meeting. Tests may include a variety of questions, including exercises and essay questions. Tests are a very important component of this course because they give you opportunities for skill application and for practice toward the final exam.

Case study: A case study will be worth 30 points out of 100 total points. The case study will be about assessing the financial condition of a city government. There are two subcomponents for this case assignment. The case study 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 may be checked for originality through the UNM *Turnitin* system. See the appendix for case study guidelines. I will also provide, in class or by email, additional information regarding this case study.

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 be administered on the day determined by the UNM Final Exam Schedule.

COURSE CALENDAR

Week	Readings from Bartle	Readings from Chen	Test-Problem Set by
I	2 Local government spending & revenue	2 Organizing budget data	Aug 21
II	3 Government structure as context	11 Budget document	Aug 28
III	6 Budgeting	9 Integrating budgeting & performance	Sep 04
IV	8 The property tax	7 Inflation	Sep 11
V	10 Nontax revenue	13 Decision packages: cost estimates	Sep 18
VI	9 Consumption and income taxes	24 Forecasting and managing cash flow	Sep 25
VII	11 Capital planning and budgeting	6 Time value of money	Oct 02
	FALL BREAK	16 Legislative budget tools	Oct 09
VIII	14 Local economic development	17 Cost-benefit analysis	Oct 16
IX	15 Procurement	23 Cash management & internal controls	Oct 23
X	16 Public-private partnerships	18 Life cycle costing	Oct 30
XI	12 Debt management	20 Long-term financing	Nov 06
XII	13 Cash, investments, and pensions	21 Investment strategies	Nov 13
XIII	5 Accounting and financial reporting	25 Government & nonprofit accounting	Nov 20
	THANKSGIVING		Nov 27
XIV	17 Auditing and financial condition	26 Financial statement analysis	Dec 04

Note:

A class picture is scheduled for our last class meeting.

APPENDIX Case Study Expectations

I. Introduction (1 page maximum)

In this case, you will assess the financial condition of a city government. You will examine the (1) Budget and (2) Financial Reports (CAFR) of a city of your choice. The city must have 75,000 population or over. Additionally, **your city must have a recent Budget and CAFR available online**, because you will need to download and use both documents for this research. Interpreting financial reports is one of the most important skills for a public manager. Your report should be organized into two major sections. In the first section, you will present the social, economic, and fiscal characteristics of your city. In the second section, you will develop the financial analysis of your city.

II. Sociodemographic, Political and Economic Characteristics (about 5 pages)

Using the most recent Budget and the CAFR, identify the main functions of your city. Describe the socioeconomic and demographic characteristics of your city. Next, describe main programs and services provided by your city. What are the main operating programs of the city (e.g. police, fire fighting). What are the largest capital spending programs (e.g. highways, sewerage)? What are the major sources of revenue of the city and why? Discuss how diversified or constrained are the revenues of the city. Does the city rely on one major tax or does it rely on multiple sources of revenue? What advantages or disadvantages do you see on this city dependence on those revenues? Lastly, how could this city save money e.g. in the event of a revenue shortfall? Support your analyses presenting major amounts from the budget. At a minimum, questions to examine include:

- What are the largest spending programs of your city?
- What sources of revenues support those expenditures? Calculate the percentage of own-source revenue out of total revenues.
- How many functions (or services) does the city provide? E.g. public works, safety, utilities, parks, etc. Calculate the percentage of expenditure allocated to each of those functions out of total expenditures.

III. Financial Analysis (about 5 pages)

Using the most recent Financial Report (CAFR) (and its supplementary information), analyze the financial condition of the city. Assess the liquidity and solvency of the city. Does the city have enough cash and short-term assets to meet short-term obligations? Assess the financial condition and solvency of the city. Does the municipality have strong ability to serve long-run obligations? Using the Notes, identify significant accounting policies that potentially affect the reliability of the financial reports. Are you concerned about the credibility of the financial report based on your reading of the Notes?

IV. Conclusion and Recommendations (1 page maximum)

In this concluding section, briefly summarize your findings concerning the financial condition as well as the service priorities of the city for the upcoming year. May suggest policy priorities or good practices for future years based on your research. May suggest what the city can do in order to strengthen its long-run financial condition.

Format of the Report

Length: Write about 12 pages
Appendices: Place any graph or table in appendices (not in the text)
References: Include a section for bibliography or references (if any)
Font: Use Times New Roman, 12 pt.
Margins: Set 1 inch

Deadlines

The first half of the paper must be submitted by October 9th and the final paper by December 4th.

Suggestions

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