



*State University of New York*

## **College of Community and Public Affairs**

---

Department of Public Administration

(Spring 2007)

### **PAFF 527 – 01/02 Public and Not-For-Profit Finance**

Yi Lu

Seminar 1: Tuesday, 1:15PM-4:15PM

Seminar 1 location: RC203

Seminar 2: Tuesday, 6:00PM-9:00PM

Seminar 2 location: S2G42

ylu@binghamton.edu

Office Tel: 607-777-3219

Office Hours: Wednesday, 1:00-3:00 PM @ LSG 678. Others by appointment.

### **Course Overview:**

This course is designed to provide a foundation in financial administration and management. It begins with a discussion about the context of public and not-for-profit finance and budgeting, followed by analyses of types of government revenues and expenditures (expenses). Specific financial management skills and tools are introduced. The goal is to strengthen the analytical capability of students to “make sense of financial numbers.”

As an important part of the class, the service learning project with the Chamber of Commerce’s consolidation committee provides excellent opportunities to link theory with practice in this field. During the project, students are expected to prepare fiscal and financial analysis reports that will be reviewed by decision makers and community members. Our individual and collective reputations are at stake, and our analysis may be relied upon for the decision of government consolidation in this area. Therefore, this course demands critical understanding of the context in which financial decisions are made, strong analytical skills, and the willingness to work hard and meet deadlines.

The key assignments include homework, group case study, presentation and team project. Unfortunately (or fortunately), you will be busy.

### **Course Objectives**

Upon the completion of this course, you will be able to:

- Understand the history of fiscal policies and the fiscal structure in the United States;
- Appreciate the context where fiscal and financial decisions are made;
- Read and analyze budgets;
- Read and analyze financial statements;

- Compare and contrast the fiscal and financial implications of various types of taxes, fees and charges;
- Master basic financial management tools;
- Clearly see the implications of government services for budgets, and
- Link theory with practice via the service learning project with the Chamber of Commerce's consolidation committee.

**Prerequisite:**

Students are expected to have completed PAFF 510 (Logic of Inquiry) and 521 (Public Management/Public Administration) before this course. Some familiarity with concepts in public policies, mathematics and economics will be very helpful. Students are expected to know how to use Excel.

**Required Readings:**

Aronson, J. Richard and Schwartz Eli. eds. 2004 (5<sup>th</sup> ed). *Management Policies in Local Government Finance*. Washington DC: International City/County Management Association.

Banovets, James M. ed. 1996. *Managing Local Government Finance: Cases in Decision Making*. Washington DC: International City/County Management Association.

There will also be some supplemental readings that will be provided later in the class.

**Accommodations:**

If you are a student with a disability and wish to request accommodations, please notify the instructor by the second week of class. You are also encouraged to contact the Office of Services for Students with Disabilities (SSD) at 777-2686. Their office is in LH-B51. The SSD office makes formal recommendations regarding necessary and appropriate accommodations based on specifically diagnosed disabilities. Information regarding disabilities is treated in a confidential manner.

**Diversity and Learning Environment:**

The Faculty and Staff in the College of Community and Public Affairs are committed to serving all enrolled students. The intention is to create an intellectually stimulating, safe, and respectful class atmosphere. In return it is expected that each of you will honor and respect the opinions and feelings of others.

**Academic Honesty:**

Public administration and public service demands the highest ethical standards among its practitioners. Plagiarism, cheating, falsifying information, etc. will not be tolerated. Such actions will result in a failing grade for the assignment or the course,

depending on the severity of the infraction. When registering for classes, all students acknowledge their intent to abide by the University's Academic Honesty Code. Students are expected to strictly adhere to that Code (<http://bulletin.binghamton.edu/integrity.htm>). Academic dishonesty is not tolerated in this class. If you have any doubts about proper conduct, check with me or err on the side of caution.

All members of the university community have the responsibility to maintain and foster a condition and an atmosphere of academic integrity. Specifically, this requires that all classroom, laboratory, and written work for which a person claims credit is in fact that person's own work. The annual university Student Handbook publication has detailed information on academic integrity. Binghamton University has obtained a license with Turnitin.com to facilitate faculty review for potential plagiarism of papers and projects in their courses, which they are encouraged to do. Students assume responsibility of the content and integrity of the academic work they submit. Students are in violation of academic honesty if they incorporate into their written or oral reports any unacknowledged published or unpublished or oral material from the work of another (plagiarism); or if they use, request, or give unauthorized assistance in any academic work (cheating). Every violation of the Code will be reported to the department, and may be grounds for charges of academic misconduct.

### **Incompletes and Grading:**

No incompletes are given at the discretion of the instructor and will not be given in this course without a physician's documentation that one is medically necessary. *Incompletes cannot be used to avoid an unsatisfactory grade.* In keeping with current legal guidelines regarding privacy rights and appropriate uses of one's social security number, I do NOT post grades. At the end of the session, you may contact me for the grade the week following the end of the course or wait for your official grades from the University.

### **Communication:**

University emails and the Blackboard © are the main means of communication in this class. Of course, you may come to my office hours and/or make an appointment.

### **Course Obligations:**

#### (1) Class attendance and participation:

Class attendance will be checked randomly five times during the semester. Even though there are two seminars of this course, attendance is required in the seminar which you sign up for. Consistent with University policy, students are expected to come on time to every class meeting. Informing the instructor in advance of the absence from class does not excuse you from any of the classwork or assignments, or alter the grading of class attendance. Leaving the class earlier

without approval in advance will be considered as missing the class meeting of that day. Class attendance constitutes 10% of the grade.

(2) Homework assignments:

Homework assignments are given at the end of class meetings and due at the beginning of the class on the following Tuesday after they are assigned (exception-Homework 2). The homework should be typed and stapled. Hand written work will not be accepted. An assignment is late 15 minutes after the beginning of class. Late homework will be accepted up until April 24 but the grade will reflect the tardiness of the assignment (10 % reduction per day during the first five days that they are late; any assignment turned in between the sixth day that they are late and April 24 will receive 50 % reduction). Although it is encouraged that you meet with classmates to exchange ideas and complete group assignments, individual assignments must be yours and yours alone. Homework assignments constitute 30% of the grade.

(3) Group Case Study:

Cases will be discussed according to the schedule listed in the syllabus. The class will be divided into several groups. Each group (4-5 students) will lead the discussion of a case one time during the semester (30 minutes). The topics of case studies will be discussed during the first class meeting. Each member of the class is expected to read the case before the class and actively participate in the discussion. Your participation is the key to the success of the class. The expectation is to make the discussion of the case an insightful, enjoyable and valuable experience. Discussion leaders are part of the instruction of this class. Each group is strongly encouraged to talk with the instructor before the group case study. The presentation of the case study and leading class discussion will constitute 10% of the grade.

(4) Team project:

The team project with the Chamber of Commerce's consolidation committee is an integral part of the class experience. The final product of the team project is a high quality report that meets the standards of a professional technical report for external review. Every page of every report will be signed by its principle author, and initiated by all other team members. Initialing each page of the report indicates that a team member has read and concurs with the accuracy of the text. Due to the nature of this project, reports cannot be late.

Four monthly working reports and one presentation (including interviews) will be graded (each 10% of the final grade). Details follow.

- a) Report 1: Due February 27, research design and data collection
- b) Report 2: Due March 20, progress report and working paper
- c) Report 3: Due April 17, complete report draft

- d) Report 4: Due May 1, complete report
- e) Interviews and Presentation: at least three interviews per service area with persons familiar with the service may take place anytime during the process; the group presentation is due on May 8.

For those of you not very familiar with the greater Binghamton area and the New York State, and the history of discussion on consolidation, you may read the local news paper or google this topic. You will find useful resources such as <http://www.upstateblog.net/> (the most relevant information is under the Government Consolidation category), [http://bingweb.binghamton.edu/~sinclair/index\\_files/Page1312.htm](http://bingweb.binghamton.edu/~sinclair/index_files/Page1312.htm) (guess who the authors are), <http://www.dos.state.ny.us/lgss/list9.html> (most of the consolidation material is under the section of Local Government Cooperation) and [http://www.citymayors.com/government/mergers\\_locgov.html](http://www.citymayors.com/government/mergers_locgov.html).

In addition, reports and studies done by other organizations are valuable resources as well, for instance:

<http://www.wpri.org/Reports/Volume15/Vol15no8.pdf>  
<http://www.lafollette.wisc.edu/reform/report-summary.pdf>  
<http://www.njleg.state.nj.us/PropertyTaxSession/jcgo.asp>

Some data could be found at the following websites.

<http://www.ppiny.org/reports/JustTheFacts.html>  
<http://library.lib.binghamton.edu/subjects/pubadm/gov.html>  
<http://www.statelocalgov.net/local-ny.cfm>  
[http://www.osc.state.ny.us/localgov/datanstat/findata/index\\_choice.htm](http://www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm)

The resources provided above are not meant to be comprehensive and complete. Rather, they are the starting places. Students are expected to locate other resources necessary for the completion of the project.

In short, here is the summary of class requirements:

Class attendance: 10 points  
Homework: 30 points  
Group case study: 10 points  
Team project: 50 points

---

Total: 100 points

**Note:** This schedule is a guide. It may be amended during the semester to accommodate learning needs or to satisfy revised reading assignments.

## **Course Outline:**

### **January 23: Introduction**

Reading: Chapter 1 and Chapter 4

Key topics:

- The trends of local government expenditures and revenues
- Social and economic trends that have contributed to the trend of local government finances
- What is fiscal and financial management?

Homework 1 assigned

### **January 30: Budgeting and Budgets**

Reading: Chapter 7

Key topics:

- What is budgeting?
- How to read budgets?
- Budgetary control and analysis

Group 1-led case study: Welcome to the new town manager, page 39 from the case book.

Homework 2 assigned (The only exception---Due in two weeks)

### **February 6: Financial Accounting, Reporting and Auditing**

Reading: Chapter 8

Key topics:

- Evolution of accounting and reporting standards
- Fund statements vs. government wide statements
- How to read financial statements?

### **February 13: Fiscal Structure in the Federal System**

Reading: Chapter 2

Key topics:

- Why fiscal federalism?
- Trends in fiscal structure
- Fiscal federalism-problems and prospects

### **February 20: The Capital Budget**

Reading: Chapter 6

Key topics:

- How to build a capital budget?

Group 2-led case study: managing debt and the capital budget, page 63 from the case book

### **February 27: The Property Tax**

Reading: Chapter 10

Key topics:

- The history and nature of property tax
- Major steps of property tax administration
- Problems and prospects of the property tax

Homework 3 assigned

Report 1 due: Research design and data collection

### **March 6: Sales and Income Taxes**

Reading: Chapter 11

Key topics:

- Administration of local sales and income taxes
- Revenue diversity-a solution to local government financial burden?

Group 3-led case study: formulating revenue policy, page 1 from the case book.

### **March 13: User Charges and Fees**

Reading: Chapter 12

Key topics:

- The design of user charges and fees
- The role of user charges and fees

### **March 20: Financial Accounting on Nonprofit Funds**

Reading: p. 400- 420, Chapter 10-Unique Aspects of Accounting for Not-for-profit and Health Care Organizations, from Financial Management for Public, Health, and Not-for-profit organizations (2005), by Steven A. Finkler,

Key topics:

- How to read budgets and financial statements in nonprofit organizations?
- Financial management in not-for-profit organizations.
- Similarities and differences between government finance and not-for-profit finance

Report 2 due: Progress report and working paper

### **March 27: Fiscal Deficit and Surplus**

Reading: Self research

Key topics:

- What causes fiscal deficit/surplus?
- Fiscal strategies to combat deficit

Homework 4 assigned

### **April 3 (no class, submit Homework 4 via Blackboard)**

### **April 10: Economic Development**

Reading: Chapter 13

Key topics:

- What is economic development?

- How to finance economic development?

Group 4-led case study: developing the tax base, page 11 from the case book

### **April 17: Debt Management**

Reading: Chapter 14

Key topics:

- Why do local governments borrow?
- How to smart-borrow?
- Risks of bond defaults

Report 3 due: Complete report draft

### **April 24: Forecasting Local Revenues and Expenditures, and Cash Management**

Reading: Chapter 5 and 16

Key topics:

- How to forecast?
- How to read forecasting?
- How to manage cash?

### **May 1: Financial Analysis**

Reading: self-research

Key topics:

- Steps in financial analysis
- Common ratios in financial analysis
- The role of financial analysis

Report 4 due: complete report

Homework 5 assigned

### **May 8: Final Presentation**