

PA 8400

# Public & Nonprofit Budgeting

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Fall 2015. Allwine Hall 303.

Tuesdays. 5:30pm–8:10pm.

Office Hours: By appointment.

## COURSE DESCRIPTION

This course introduces students to the theory and practice of budgeting at all levels of government and in the nonprofit sector. Particular emphasis is given to budgeting in local government because of its historical role as an incubator for budget innovations and its accessibility to citizens. Additionally, nonprofit budgeting is emphasized because of the increasing role of nonprofits in public service delivery. This course equips students with competence in the use of budgeting terminology, innovations in budget preparation, the linkage of the budget to the accounting and financial reporting systems, and the role of technology in shaping budget preparation and administrative implementation.

## COURSE OBJECTIVES

Upon successful completion of this course, students should be able to:

1. Acquire an understanding of how the budget functions as a management and policy tool
2. Develop a competency in budget terminology and procedures
3. Become adept at the use of Excel and acquire an understanding of the use of other technology in budgeting
4. Develop an appreciation for the role of budgeting in public and nonprofit organizations.
5. Identify and understand the politics associated with public budgeting at each stage in the process, among participants, and at various levels of government.

Student progress on these learning objectives will be measured through a combination of examinations, written assignments, and class discussion.

## REQUIREMENTS

### ATTENDANCE

Attendance is not mandatory; however, it is strongly recommended. If you miss a class, it is your responsibility to obtain the information you missed from a classmate. **I do not have a policy to take roll,**

**but your absence from class will noted. It will be difficult to achieve above a C in this course if you miss more than 2 classes.** I expect everyone to be on time and ready to being class at 5:30pm. There are important announcements made at the beginning of each class, and a late arrival is disruptive to the class. Do not be late.

#### EXCEL PROBLEM SETS– 20%

Complete instructions and datasets can be found on Blackboard.

##### **Problem Set 1**

This Excel exercise requires analyzing the line-item budget for a city's development department, which has responsibility for issuing building permits and inspecting residential and commercial construction. This city has a policy goal that development fees will cover operating expenditures of this department. The assignment is to develop a budget request for FY 2014–15 for this department and to determine whether this department will have sufficient revenues to meet its expenditures.

##### **Problem Set 2**

This exercise introduces several features in Excel that aid in developing revenue projections using trend analysis and a moving average. The first task involves correcting the historical data on sales tax collections for inflation. The dataset is actual sales tax collections by month from October 1992 through February 2013. The corresponding consumer price index (CPI) for each month is provided. The data can be used to evaluate current-year trends as well as to project revenue for the next budget year. The assignment is to develop a moving average trend for the inflation-adjusted sales tax collections, compute the month-to-month percentage change in collections, and graphically display those percentage changes.

##### **Problem Set 3**

Once the operating budget is approved, the focus is on budget implementation. One of the most important tasks in this third phase of the budget cycle is monitoring actual revenues and expenditures with the purpose of anticipating unfavorable trends. For this Excel exercise, the analysis returns to the line-item budget for a city's development department. The exercise involves projecting year-end expenditures (1) for each line item, (2) for total departmental expenditures, and (3) for each revenue source, and then comparing trends in actual expenditures and revenues with the totals in the adopted budget. Using these projections, not only can comparisons be made to the adopted and revised budgets, but projected revenues can be compared to projected expenditures to evaluate the potential impact on fund balance.

##### **Problem Set 4**

This Excel exercise involves costing out the annual debt service requirements for a GO bond issue and an analysis of the effect of those annual payments on the operating budget. The dataset is actual annual payments of principal and interest for a 20-year bond issue. The data can be used to determine the annual cost of debt service the required tax rate needed to produce the revenue for the debt service fund.

##### **Problem Set 5**

This exercise requires you to find the audited financial statements of a local government or nonprofit and explain the various funds utilized. What operations are paid for through which funds? How is the fund structure being used as a management tool?

### SHORT MEMOS – 40%

You will be assigned two (2) case studies. You will be required to read the case, make assumptions, and produce a policy memo explaining your recommended course of action. Each case will cover material similar to what we are covering in class at the time. You will have two weeks to complete each assignment and deliver your policy memo to me.

### FINAL EXAM – 40%

A comprehensive, take-home final examine will be distributed on Tuesday, December 8, and your responses are due via Blackboard by **5:00pm Tuesday, December 15**. The exam will require you to evaluate a number of conceptual problems based on the information covered throughout the course.

## READINGS

Bland, Robert L. 2013. *A Budgeting Guide for Local Government*, Third Edition. Washington, D.C.: ICMA Press.

Dropkin, Murray, Jim Haplin, and Bill La Touche. 2007. *The Budget-Building Book for Nonprofits: A Step-by-Step Guide for Managers and Boards*, Second Edition. San Francisco, CA: Jossey-Bass.

Additional required reading will be assigned throughout the semester. To the extent that I can, these will be available on [Blackboard](#).

## COURSE METHODOLOGY & POLICIES

Class presentations will be conducted through a combination of lecture and class discussion. Students are strongly encouraged to participate in class discussion and to ask questions. Everyone in class brings a unique perspective, and I believe that perspective is a valuable addition to the course. Please come to class prepared and ready to participate.

I will be teaching this course as an introductory graduate course that combines theoretical and conceptual topics with practical application. It is my assumption that students have limited or no prior coursework in public budgeting, finance, accounting, or economics. As such, there is a large amount of material to cover in this course, and we will be moving quickly. The lectures I will present in class are not directly from the assigned reading and often contain information supplemental to the readings. Do not fall behind in the reading. It will be difficult to catch up.

### COMMUNICATIONS

Course announcements will be made via email so it is imperative that you check your e-mail daily. “I didn’t get the email” is never a valid excuse. The most effect method of communicating with me is using email; however, you are also encouraged to schedule office hours or a phone call.

### LAPTOP COMPUTER USE

The use of laptop computers in my classroom is a privilege and not a right. Laptop computers may be used during class sessions for note taking and to calculate problems ONLY. Laptop computers may not be used at any time in my classroom to check email, surf the Internet, instant message with friends, update your

Facebook status, post to Twitter, read the newspaper, or for any other purpose not explicitly related to course material. ANY instance of unapproved use of your laptop computer in my classroom will result in your laptop privileges being revoked for the remainder of the semester. There are NO EXCEPTIONS to this policy.

#### CALCULATORS

It is recommended that you have a calculator for this class. If you are going to purchase a new calculator, it is suggested you purchase a financial calculator such as a Texas Instruments BA II Plus. Please note that a financial calculator is not required for this course; any calculator will suffice. If you plan to take further financial management courses, it will serve you well to invest in financial calculator as they are required. We will likely not use a calculator in every class; however, it is difficult to predict when you might need to use it. As such, please plan on bringing a calculator to each class. You will be able to use a calculator on the exam(s).

#### MAKEUP WORK

Late assignments **WILL NOT** be accepted without a valid UNO excuse. If you have a schedule conflict on any day an assignment is due, please contact me beforehand to make arrangements for turning in your assignment early.

#### STUDENTS WITH DISABILITIES

If you have or believe you have a disability that may impede your learning, please contact the Disability Services Office. I will make every effort to accommodate you in accordance with UNO policy, procedures, and recommendations. Additional information can be found at <http://www.unomaha.edu/student-life/inclusion/disability-services/students/where-to-begin.php>.

#### ACADEMIC HONESTY

All students at the UNO are expected to conduct their academic affairs in an honest and responsible manner. Any student found guilty of dishonesty in academic work shall be subject to disciplinary actions. Acts of academic dishonesty include, but are not limited to:

- plagiarism, i.e., the intentional appropriation of the work, be it ideas or phrasing of words, of another without crediting the source;
- cheating, i.e, unauthorized collaboration or use of external information during examinations; assisting fellow students in committing an act of cheating;
- falsely obtaining, distributing, using or receiving test materials or academic research materials; submitting examinations, themes, reports, drawings, laboratory notes, research papers or other work as one's own when such work has been prepared by another person or copied from another person (by placing his/her own name on a paper, the student is certifying that it is his/her own work); or
- improperly altering and/or inducing another to improperly alter any academic record.

Additionally, graduate students are more likely to assume roles as active scholars. With these roles come added responsibilities for academic honesty. For such individuals academic honesty requires an active pursuit of truth not just an avoidance of falsehood. This pursuit includes but is not limited to:

- providing a full and complete representation of any scholarly find, be it experimental data or information retrieved from archives;
- taking care that the resources of the University (e.g., library materials, computer, or laboratory equipment) are used for their intended academic purposes and they are used in a manner that minimizes the likelihood of damage or unnecessary wear;
- assuring that one's co-workers are given due credit for their contributions to any scholarly endeavor; respecting a diversity of opinion and defending one's colleagues as well as one's own academic freedom; respecting the rights of other students who may come under the tutelage of the graduate student and being fair
- and impartial in grading and other forms of evaluation; and seeking permission from an instructor when submitting to that instructor work which the student has submitted for a course taken in the past or intends to submit for another course currently being taken.

In cases of alleged academic dishonesty, the instructor shall attempt to discuss the matter with the student and explain the sanction(s) which he/she plans to impose. In the event that the student challenges the allegation of academic dishonesty, or is not satisfied with the sanctions(s) imposed by the instructor, the student may file an appeal according to the approved appeal policies of the University of Nebraska Graduate College.

### Course Outline

<b>Date</b>	<b>Topic</b>	<b>Reading</b>
August 25	Introduction to Public & Nonprofit Budgeting	B, Ch. 1; DHT, Ch. 1
September 1	Public Revenue Systems	B, Ch. 2
September 8	Property Taxes	B, Ch. 3
September 15	Consumption Taxes	B, Ch. 4
September 22	Fees for Services	B, Ch 5
September 29	Nonprofit Revenue Systems	DHT, Ch. 5
October 6		<i>Revenue Simulation</i>
October 13	Budget Cycle	B, Ch. 7; DHT, Ch 2, 3 & 4
October 20	Federal & State Budget Systems	*
October 27	Budget Preparation I	B, Ch. 8
November 3	Budget Preparation II	DHT, Ch 8-18
November 10	Budget Execution	B, Ch. 9; DHT, Ch. 22
November 17	Auditing	B, Ch. 10
November 24	Debt & Debt Management	*
December 1	Capital Budgeting	B, Ch. 11; DHT, Ch. 19
December 15		<i>Final due</i>

B — Bland

DHT — Dropkin, Haplin & La Touche