College of Business and Public Administration
Seminar in Public Budgeting—PAWM 7500-01

Instructor: Dr. Natalia Ermasova
Semester: Summer 2014
Office Room: C 3340
Day, Time: Monday, 05:30 PM - 09:15 PM, IL State Police Dist. 5

Office Hours: Monday, 4 p.m.-5.30 p.m. or by appointment E-mail: nermasova@govst.edu

Course Description:
This seminar aims to provide students with a conceptual and operational understanding of the practices and theories associated with public budgeting and financial management systems. Special emphasis is placed on the application and analysis of public budgeting systems. Students are expected to master the following material:
1) Principles and theories of public budgeting;
2) Procedures and structures of public budgets;
3) Financial management of public and non-for-profit organizations;
4) Public budgeting political processes; and
5) Structural problems and solutions in sub-national government budgets.

Prerequisites: MGMT 6100 (or STAT 3700) and PADM 7100

Rationale: The course is designed to provide students with a good starting point for researching the current literature in public budgeting and preparing students for the practical work. This course engage students in learning about public budgeting, in thinking critically about problems in federal, state, and local budgets, and in writing analytically in the public budgeting field. Learning, thinking critically, and writing analytically on this wide scope of literature will facilitate students in their goal of mastering the knowledge in the Public Budgeting field.

Intended Audience:
MPA and other interested graduate students in GSU.

EXPECTED STUDENT OUTCOMES:
The students will learn a core knowledge base, including: theories related to the principles and practices of public policy, budgeting and finance. Using cases, problems, and financial analysis, the purpose is to provide students with the analytical tools to evaluate the financial management practices of public and nonprofit organizations.
Upon successful completion, students will be able to:
1. Recognize and apply the basic concepts of financial analysis in public administration
2. Apply methods of cost-benefit and investment analysis
3. Make financial decision under uncertainty.
4. Recognize and use the theory of budgeting theory.
5. Recognize a policy problem and write a short, convincing arguments how to solve this problem.
6. Construct alternative policy options to remedy a market failure and projecting the outcomes of public policy.
7. Apply economic concepts to policy analysis and financial analysis.
8. Demonstrate an understanding of forecasting techniques.

INSTRUCTIONAL MODALITY (IES): Lecture/ Discussion.

ACTIVITIES/ASSIGNMENTS/REQUIREMENTS: There will be assignments, case analysis, midterm exam, research project and presentation, final exam, and discussions.

TEXT/LEARNING MATERIALS:

This course will be managed through the Blackboard system. Blackboard is an internet-based course platform, and it will be a primary means of communication for this course. You will find the course syllabus, assignments, readings, and course announcements on the Blackboard site. The additional readings and case studies will be available on the Blackboard. Exercises and the day care budgeting assignment are also posted on Blackboard, along with the answer keys (available after the exercises are due).

SUPPLEMENTARY READINGS for PADM 7500-01, Seminar in Public Budgeting

John W. Swain, B.J. Reed. Budgeting for Public Managers (Armonk, NY: M.E. Sharpe, 2010);

Budgeting-Related Websites
Congressional Budget Office
www.cbo.gov
Government Accountability Office
www.gao.gov
Government Finance Officers Association
www.gfoa.org
National Association of State Budget Officers
www.nasbo.org
OECD Budgeting and Public Expenditures
http://www.oecd.org/department/0,3355,en_2649_34119_1_1_1_1_1,00.html
OECD Budget Practices and Procedures Database
http://www.oecd.org/document/61/0,3746,en_2649_34119_2494461_1_1_1,00.html
COURSE OVERVIEW

COURSE FORMAT
The class is structured in a lecture (instructor) / participation (student) format. It will generally follow the course outline but I reserve the right to make changes during the semester. It is important for students to ask questions and participate in class discussions/presentations. Effective oral communication skills along with sophisticated analytical skills are important attributes of a successful public administrator. Participation will be evaluated in terms of the student’s attitude in promoting a positive learning environment, the logical coherence of thought, and quality of presentations.

CLASS POLICIES

Electronic devices
There may be days where we are using Excel in class—clearly it will be acceptable to use a laptop during these exercises.

Extra Credit
There are no extra credit possibilities in this class. Grades are only based on the assigned work.

Missed Assignments/Exam
Only in cases of extreme and documented circumstances or documented illness will make-up be given. Where applicable, he student must schedule the make-up within 7 days of the in-class exam. This is the responsibility of the student – I will not hunt you down to take a make-up. The make-up will vary in form, content, and length from that given in class. If you miss the exam for an unapproved reason or you do not take a make-up, you earn a score of zero on a missed exam.

Late Work
In the absence of extreme and documented circumstances or documented illness, due dates and times are final. If you have to miss class it is your responsibility to turn in your work ahead of time. Unless some catastrophic and documented event occurs, late work will not be accepted.

Attendance
I take attendance. You are not, however, required to attend class. You are adults and can make the decision to attend or not attend. However, I strongly recommended that you attend every class in its entirety, for the following reasons:
• Arriving on time allows you to participate in the homework/assignment discussion, clarifying issues you may have or share with other students;
• Attending class provides you with an additional presentation of the material;
• Exam material will be drawn from the text and lecture material, and not all lecture material is in the text (and not all text material is in the lecture);
• You are responsible for changes to this syllabus announced in class.
EXAMS AND GRADING

There will be two exams during the semester. Students will be informed of the nature of each exam prior to the exam. Grading will be based on two examinations, two class projects, budget simulation game, Excel Assignment “Daycare budget”, participation, cases discussions, and class performance included. The final grade will be calculated as follows:

Grading:

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<tr>
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<th>Midterm Exam 1</th>
<th>Final Exam</th>
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<tr>
<td><strong>Midterm Exam</strong></td>
<td>15%</td>
<td>30%</td>
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<tr>
<td><strong>First Project</strong></td>
<td>Written Report: 10%</td>
<td>Class Presentation of project</td>
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<td><strong>Second project</strong></td>
<td>Written Report: 10%; Daycare Budget Assignment</td>
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<tr>
<td><strong>Cases discussion</strong></td>
<td>10%</td>
<td>Participation</td>
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Grading Scale:
- A = 100 – 93
- B = 92 – 86
- C = 85 – 79
- D = 78 – 70
- F = 69 and below

Exams
Midterm and Final exams will include calculations, questions, essay questions, and analysis of article or cases. There will be no special study guides for the exams! Power point slides, cases, articles, and lecture notes should be considered as the study guide.

Case discussion
10% to the grade will be assigned for participation in in-class activities that will include a discussion of the cases. At the beginning of the semester, all students in the class will be assigned to the group (2 students in group), and students are expected to remain in the same group to fulfill the group projects, case presentation, and journal article presentation requirements until the end of the semester.
There are a series of case discussions and journal article presentations scheduled in the second half of each class meeting. The reference information of the journal articles is provided in the section of SELECTED REFERENCES. The cases selected for discussion will have special focuses on current budget issues in state and local governments. The case selections come from the instructor. The students are expected to provide a brief summary of solutions. The performance of both presentations and responses from individual audiences is reviewed and counted as part of the cases discussions and participation grade.

Daycare budget assignment
Your final products (hard copy and electronic) must be your own work. You may discuss the assignment and ideas for constructing the budget with your current classmates. Finally, the assignment is not a group assignment and should represent your own work.
Final Presentation
Each group will give a 20 minute presentation in class. Your presentation should be based on your report with the purpose of communicating the current budget situation, the types of adjustments you made and the rationale for these adjustments following the above guidelines. Please bear in mind that your audience consists of special interest groups, legislative committees, and other stakeholders who will want to know how the budget adjustments will affect their interests.
Your report and presentation should demonstrate your understanding of the course material. In order to make a logical, coherent, well-structured and written policy recommendation, please also provide clear and sufficient citations or references from the original budget documents (like what you did in the first project).
There are 5 points for the final presentation.

Research Projects – Semester-long Projects
Students will work on two assignments. It is expected that towards the end of the course students will have a broad and solid understanding of how government finance is structured and works in the state or local government selected.
The first project accounts for 10 points. The second project accounts for 10 points of your final grade for the course (10 points for the written report).
Two group projects will be assigned to students. The final report of two projects will be presented at the end of the semester. Instructions and guidelines of both projects are attached at the end of the syllabus. Under no circumstance will late assignments be accepted.
Students should submit both hard and electronic copy of the term paper at the same time. The hard copy should be submitted during the class and an electronic copy should be uploaded to BlackBoard “Assignments” section before the class. 2 points will be deducted if both hard and electronic versions of the paper are not submitted simultaneously. For every day of delay each assignment will be worth 1 point less. Students who fail to cite their paper will be punished accordingly (see “Cheating” section below).

Participation
10% to the grade will be assigned for participation in in-class activities that will include: a discussion of the cases assigned during the previous class, discussion of certain issues and concepts presented in the class, asking and answering the questions during lectures and simulations, and other activities.

Cheating
Students cannot copy and paste paragraphs from the electronic and other resources to their group assignments, other take home assignments, or exams. Everything should be written in student’s own words. Small phrase, sentence, or word can be copied but must be cited accordingly. A student who fails to properly cite the semester-long paper will lose a minimum of 60% off his or her assignment’s grade for plagiarism.

DISABILITY STATEMENT:
GSU is committed to providing all students equal access to university programs and facilities. Students needing an accommodation based on disability should contact the Director of Access Services for Students with Disabilities (ASSD). Students must register with ASSD before faculty is required to provide appropriate accommodations. For more information or to register, please contact the Director of ASSD (Room B1215 or assd@govst.edu or 708-235-3968). To ensure that learning needs are met, contact ASSD the first week of classes.

ACADEMIC HONESTY STATEMENT:
Students are expected to fulfill academic requirements in an ethical and honest manner. This expectation pertains to the following: use and acknowledgement of the ideas and work of others, submission of work to fulfill course requirements, sharing of work with other students, and appropriate behavior during examinations. These ethical considerations are not intended to discourage people from studying together or from engaging in group projects. The university policy on academic honesty appears in the catalog appendix, which can be found on the website at http://www.govst.edu/catalog/
## TOPICAL OUTLINE/COURSE CONTENT:

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<th>Description</th>
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<td>Assignment 1. Precourse Student Survey</td>
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<td><strong>Assignments</strong></td>
<td>Assignment 1. Precourse Student Survey</td>
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<td>Forecasting Techniques</td>
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<td>Forecasting Models</td>
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<td>Simple Moving Average (SMA)</td>
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<td>Transformation Moving Average (TMA)</td>
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<td>Choosing the Forecasting Techniques</td>
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<td>Forecasting</td>
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<td>Week 3</td>
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<td>The Revenue Shortage</td>
<td>Case Study 1</td>
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<td>June, 2</td>
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<td>Estimating the Revenue Shortage</td>
<td>Budget decisions during revenue shortfalls</td>
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<td>Resource Development Analysis</td>
<td>Case study by Dr. Natalia Ermowa</td>
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<td>Developing Revenue Options</td>
<td>Assignment 3 in class</td>
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<td>Taking Action to Improve Financial Condition</td>
<td>GFOA analysis</td>
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<td>Week 4,</td>
<td><strong>Financial Analysis. Cost Accounting</strong></td>
<td>Performance Measurement</td>
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<td>June, 9</td>
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<td>Financial Reporting and Analyzing Fiscal Health</td>
<td>GFOA analysis</td>
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<td>How to Read Financial Statements. Performance Comparison Projects in Local Government</td>
<td>Assignment 3 in class</td>
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<td>Identifying Full Costs of a Program</td>
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<td>Week 6</td>
<td><strong>Budget Classifications</strong></td>
<td>Traditional budget</td>
<td>Case study 2</td>
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<td>June, 23</td>
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<td>Performance Budgeting Models and Mechanisms</td>
<td>Best practices of budgeting</td>
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<td>Program budgeting</td>
<td>First project due</td>
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<td>Zero budget</td>
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| Week 7  | Financial control | Internal Controls in State, Local, and Nonprofit Agencies  
Fraud in Government Entities | Case study 3  
Financial control |
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| Week 8  | Operational budget.  
Capital budgeting  
Debt financing | Operational budget  
Capital budgeting  
Ranking of capital projects  
Debt financing | Assignment 4 in class  
Capital budgeting  
David L. Baker Governmental Budgeting Workbook |
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| Week 9  | Analysis of best practices of budgeting | Practices of budgeting on state and local level | Assignment 5 in class  
Best practices of local budgeting |
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| Week 10  | Daycare budget.  
Review session.  
Second project due | DAYCARE BUDGET – start of preparation in class. Review session. Second project due | Daycare budget in class  
Assignment 6  
Post Course survey |
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<td>July 21</td>
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| Week 11  | Final exam | Final exam | |
| --- | --- | --- | |
| July 28 | | | |

| Week 12,  
August 4 | Presentation of research paper | Presentation of research paper | Presentation of research paper and discussion |
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**Tentative Class Schedule:** The number of sessions devoted to each topic is approximate and will be adjusted according to the flow of the class and developments that might interest me through the semester.

**Governors State University Mission Statement:**

“Governors State University is committed to offering an exceptional and accessible education that imbues students with the knowledge, skills, and confidence to succeed in a global society. GSU is dedicated to creating an intellectually stimulating public square, serving as an economic catalyst for the region, and being a model of diversity and responsible citizenship.”
Project One
Local Budget Assessment Guidelines:
Each student will select the actual budget of a particular county or city government to perform the assessment.
The budget assessment should cover the following:
   a) What is the mission(s)?
   b) What are the major programs carried out?
   c) What is the percent increase in total requested expenditures for next year over last year’s budget?
   d) What object of expenditure category is the largest? Which is growing the fastest?
   e) Is the number of personnel (FTE) growing, and is the growth rate faster or slower than the personnel budget (in dollars)? What does this tell you about changes in average salaries?
   f) What are the most significant sources of revenue? How have revenues for these sources changed?
   g) Revenues
      1) How much change in the property tax rate is acceptable in a given year?
      2) How will one-time revenues, such as grants or tax windfalls, be used?
      3) How frequently should service charges and fees be reviewed?
         e) Discuss the policy priorities revealed by expenditure patterns?
Attach a copy of the relevant pages from the budget document after each question except for the last one, and highlight the information you used to answer the question. Thus, the completed report will consist of your response to a question, followed by a highlighted copy of relevant pages from the budget, followed by your response to the next question, and so forth. The entire assessment excluding the attachments should not exceed 15 pages.
Project Two
Local Budget Assessment Guidelines:

Evaluate the budget’s conformance with the criteria of budget policy statement in detail:
• Operating budget
  1) How comprehensive is the budget? Should it include both operating and capital budgets? What funds should be in the operating budget? Should the operating and capital budgets be prepared concurrently or separately?
  2) What constitutes a balanced budget?
  3) What types of budget reserves should be maintained? How much money should be maintained in each? Under what conditions money should be withdrawn?
  4) What guidelines should govern budget preparation and amendment?
  5) Who is responsible for budget preparation, and what are their duties?
• Budget implementation
  1) What policies should govern the transfer of money across accounts or funds?
  2) Under what conditions should governments authorize interfund borrowing or interfund payments in lieu of taxes?
  3) When should the chief executive be empowered to impound spending?
  4) Who is responsible for keeping spending within appropriated amounts?
  5) Generate revenue estimates utilizing revenue forecasting techniques you learned from the class discussions and reading materials.
• Assess if the projected revenues will be sufficient to cover the projected ongoing expenditure needs.
  • If there is a projected surplus, what budget adjustments do you suggest?
  • If there is a projected balance, what policy actions do you suggest to further strengthen the fiscal health?
  • If there is a projected deficit, what budget adjustments do you suggest to correct the problem and achieve a balanced budget?
  6) Debt
    • What is the maximum long–term debt burden that the government will incur?
    • Under what conditions will short-term debt be issued?

Attach a copy of the relevant pages from the budget document after each question except for the last one, and highlight the information you used to answer the question. Thus, the completed report will consist of your response to a question, followed by a highlighted copy of relevant pages from the budget, followed by your response to the next question, and so forth. The entire assessment excluding the attachments should not exceed 15 pages.