

PADP 8430–43145: Financial Management
Financial Management of Public Sector Organizations

Department of Public Administration & Policy
School of Public & International Affairs
The University of Georgia

Fall 2019: Tuesdays @ 6:30pm – 9:30pm
Baldwin 102

Instructor: Alex Combs, Ph.D.

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Office Hours: Wednesdays 1-5pm

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Course Description & Objectives

Public Financial Management is a graduate level theory and practice seminar on financial management of public sector organizations. By “public sector organizations” we mean governments (federal, state, or local) and their constituent components, their administrative and fiscal instrumentalities (authorities, special purpose entities, or corporations), and management of public funds (pension funds, unemployment insurance funds, etc.) The course is specifically designed for doctorate and upper-level MPA students specializing in the field of Public Finance and Budgeting.

The course introduces students to fundamental functions of budgetary planning, cost accounting and forecasting, long-term and short-term financing, building balance sheets and activity & cash flow statements, reporting and analyses of financial statements and financial condition fundamentals. The seminar also requires that students collect data from public sources, conduct univariate and multivariate inferential research that informs policy and practice through evidence-based and data-driven analysis, and develop skills to effectively and efficiently communicate empirical findings to public sector stakeholders.

The objectives for PADP 8430 are for the student to:

1. Master concepts and theories used in public accounting and funds management
2. Acquire skills necessary to evaluate financial reports

3. Understand accounting functions & processes and recognize the roles of relevant stakeholders
4. Understand current issues/challenges in public sector accounting and financial reporting
5. Generate important research and policy questions, describe fiscal relationships using relevant theoretical frameworks, and build testable hypotheses that they develop from these frameworks; e)
6. Collect public sector financial data and undertake univariate and multivariate analyses
7. Generate and communicate relevant evidence-based solutions to policy researchers and practitioners.

Required Reading Materials, Skills & Tools

1. Textbook: Finkler, Steven A., Daniel L. Smith, Thad D. Calabrese, and Robert M. Purtell. *Financial Management for Public, Health, and Non-for-profit Organizations*. Eds. 5 or 6 (Ed. 4 is probably fine too) Thousand Oaks, CA.: CQPRESS, Sage Publications, Inc.
2. Extra articles and book chapters ALL available on eLC.
3. Access to a computer station that has a range of necessary work applications (Word, Excel, Powerpoint, etc.). Home assignments will require the use of Excel.
4. Familiarity with descriptive and quantitative approaches (e.g., univariate statistics, multiple regression methods, and hypothesis testing) is expected. It is highly encouraged that students enroll in this seminar after Data Applications in Public Administration (PADP 7120).
5. It is also highly encouraged that students enroll in this seminar after Public Financial Administration (PADP 6930). Those with public sector budgeting or economics experiences, or economics, finance, & accounting majors can enroll without PADP 6930.

Final Grade Components

<u>Assignment</u>	<u>Percent</u>	<u>Total</u>
Homework 1	20%	
Homework 2	15%	
Homework 3	15%	50%
Article Critiques & Discussions	3 x 5%	15%
Research Paper	25%	
Research Paper Presentation	10%	35%
Grand Total		100%

Homework Assignments (50%)

There are three homework assignments in the course:

1. Budgets and investments to practice public financial planning.
2. Balance sheets and activity cash flow statements to practice public financial accounting and reporting.
3. Analysis of public sector financial statements and conditions.

Students may work in groups of at most two. All three assignments will involve the use of statistical software such as Excel. Specific details will be provided in guidelines for each assignment.

Article Critiques & Discussions (15%)

Each student is responsible for three critiques (review of a journal article) for select topics throughout the semester. These need to be **completed by Mondays at 5pm of each week and sent out to all students**. The authors of these critiques then discuss their articles in the classroom for about 10-15 minutes and pose 2-3 questions to all students in the class. All students are expected to participate in these discussions with their own reflections of the journal articles. Graduate students are expected to have completed the readings before the class regardless of whether they were assigned to lead a discussion or not.

Research Paper & Presentation (35%)

There is a final research project in this course, which consists of two parts. The actual research component: complete with developing a theoretical framework relevant for one's research question(s), completing a literature review and conducting hypothesis tests, writing sections on descriptive and inferential data analyses, and reporting of empirical findings and their policy/practical implications. The presentation component: all research papers are to be presented during the last class of the semester.

Course & University Policies

Attendance & Participation

Students are expected to attend all classes. Graduate seminars rely heavily on student attendance and participation. Please let me know if you expect to miss a class. If you expect to miss a class in which you are responsible for leading an article critique & discussion, you are encouraged to trade article assignments with fellow students who can attend class. If you must miss a class for which you have already prepared an article review, you are responsible for sending your article review to the class by Monday at 5pm and notifying me of your absence. Excused absences will not result in a deduction of points. An unexcused absence automatically results in a 50% deduction for the assignment.

I will not track attendance and participation in a formal manner, but chronic issues in either become obvious over a semester. Students with poor and/or disruptive attendance or participation will see a 10% deduction from their total grade. I will notify a student if their attendance or participation is on track for such a deduction before it is applied.

Instructor Availability

If you would like to speak with me outside of class, feel free to stop by my office during scheduled office hours. If you need to meet outside of office hours, please email me at least 24 hours in advance to set a specific time.

Academic Honesty

The University of Georgia requires all members of the University community to be responsible for knowing and understanding the policy on academic honesty. In addition,

every student must agree to abide by the University of Georgia's academic honesty policy and procedures when applying for admission to the University of Georgia. All academic work must meet the standards contained in A Culture of Honesty. Students are responsible for informing themselves about those standards before performing any academic work. The link to more detailed information about academic honesty can be found at: http://www.uga.edu/honesty/ahpd/culture_honesty.htm.

Students with Disabilities

Students with a disability that requires special accommodations should contact the Disability Resource Center to discuss their needs and obtain appropriate paperwork. I cannot make special accommodations for students with disabilities unless students have completed the appropriate paperwork to register with the Disability Resource Center.

Miscellaneous

No extra credit will be assigned in this course under any circumstances. Keep in mind that final grades may only be changed in the event of a clerical error (e.g., points summed incorrectly). Also, for privacy reasons, information pertaining to course grades cannot be discussed over the telephone or via email. A final grade of Incomplete will only be given in this course under extraordinary circumstances and is solely at the discretion of the instructor. The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary. Please silence devices while in class. Devices and laptops may only be used in-class with my permission. I accept late work after the due date only by prior arrangement. You must type any grade appeals and attach supplemental information as appropriate.

Course Schedule: August 20th – December 11th, 2019

(This schedule is subject to adjustment; any changes will be announced in advance.)

WEEKS (DATES)	THEMES/READINGS/EXTRA MATERIALS Complete ALL readings PRIOR to class.	ASSIGNMENTS OUT/DUE
Week 1 (Aug 20)	<p>Introduction to Financial Management Syllabus FSCP: Chapter 1.</p> <p>Kioko, Sharon N., Justin Marlowe, David S. T. Matkin, Michael Moody, Daniel L. Smith, and Zhirong J. Zhao. 2011. "Why Public Financial Management Matters." <i>Journal of Public Administration Research and Theory</i> 21: i113–i124.</p>	
Week 2 (Aug 27)	<p>Financial Planning & Functions of Budgeting FSCP: Chapters 2 & 3.</p> <p>Schick, Allen. 1966. "The Road to PBB: The Stages of Budget Reform." <i>Public Administration Review</i> 26(4): 243–258.</p> <p>Friedman, Lewis C. 1975. "Control, Management, and Planning: An Empirical Examination." <i>Public Administration Review</i> 35(6): 625–628.</p> <p>Daley, Dennis M. 1985. "Control, Management, and Planning: A State-level Replication of the Friedman Study of Budget Practices." <i>International Journal of Public Administration</i> 7(3): 291–304.</p> <p>Mitchell, David, and Kurt Thurmaier. 2012. "Currents and Undercurrents in Budgeting Theory: Exploring the Swirls, Heading Upstream." In <i>Foundations of Public Administration Series</i>, PAR/ASPA.</p>	
Week 3 (Sep 3)	<p>Understanding Costs FSCP: Chapter 4.</p> <p>Mohr, Zachary. 2016. "Performance Measurement and Cost Accounting: Are They Complementary or Competing Systems of Control?" <i>Public Administration Review</i> 76(4): 616-625.</p> <p>Mohr, Zachary. 2015. "An Analysis of the Purposes of Cost Accounting in Large US Cities." <i>Public Budgeting & Finance</i> 35(1): 95-115.</p> <p>Geiger, Dale R., and Christopher D. Ittner. 1996. "The Influence of Funding Source and Legislative Requirements on Government Cost Accounting Practices." <i>Accounting, Organizations and Society</i> 21(6): 549-567.</p>	<p><u>**HW #1 Assigned**</u></p>
Week 4 (Sep 10)	<p>Capital Budgeting FSCP: Chapter 5.</p> <p>Srithongrung, Arwiphawee. 2017 (forthcoming). "Capital Budgeting and Management Practices: Smoothing Out Rough Spots in Government Outlays." <i>Public Budgeting & Finance</i>.</p> <p>Poterba, James M. 1995. "Capital Budgets, Borrowing Rules, and State Capital Spending." <i>Journal of Public Economics</i> 56(2): 165-187.</p> <p>Fisher, Ronald C., and Robert W. Wassmer. 2015. "An Analysis of State–Local Government Capital Expenditure During the 2000s." <i>Public Budgeting & Finance</i> 35(1): 3-28.</p>	

<p>Week 5 (Sep 17)</p>	<p>Long Term Financing FSCP: Chapter 6.</p> <p>Ebdon, Carol, and Paul Landow. 2012. "The Balancing Act: Using Private Money for Public Projects." <i>Public Budgeting & Finance</i> 32(1): 58-79.</p> <p>Rubin, Irene. 2006. "Budgeting for Contracting in Local Government." <i>Public Budgeting & Finance</i> 26(1): 1-13.</p> <p>Bloomfield, Pamela. 2006. "The Challenging Business of Long-Term Public-Private Partnerships: Reflections on Local Experience." <i>Public Administration Review</i> 66(3): 400-411.</p>	
<p>Week 6 (Sep 24)</p>	<p>Short Term Financing FSCP: Chapter 7.</p> <p>Martell, Christine R., and Robert S. Kravchuk. 2010. "Bond Insurance and Liquidity Provision: Impacts in the Municipal Variable Rate Debt Market, 2008–09." <i>Public Finance Review</i> 38(3): 378-401.</p> <p>McConnell, John J., and Alessio Saretto. 2010. "Auction failures and the market for auction rate securities." <i>Journal of Financial Economics</i> 97(3): 451-469.</p>	
<p>Week 7 (Oct 1)</p>	<p>Accountability and Control FSCP: Chapter 8.</p> <p>Page, Stephen. 2006. "The Web of Managerial Accountability: The Impact of Reinventing Government." <i>Administration & Society</i> 38(2): 166-197.</p> <p>Kioko, Sharon N. 2011. "Structure of State-Level Tax and Expenditure Limits." <i>Public Budgeting & Finance</i> 31(2): 43–78.</p> <p>Maher, Craig S., and Steven C. Deller. 2013. "Measuring the Impacts of TELs on Municipal Financial Conditions." Chapter 16 in <i>Handbook of Local Government Fiscal Health</i>, Levine, Helisse ed., Jones & Bartlett Learning: Burlington, MA.</p>	<p><u>**HW #1 DUE**</u></p> <p><u>**HW #2 Assigned**</u></p>
<p>Week 8 (Oct 8)</p>	<p>The Balance Sheet FSCP: Chapter 9.</p> <p>Chan, James L. 2003. "Government Accounting: An Assessment of Theory, Purposes and Standards." <i>Public Money & Management</i> 23(1): 13-20.</p> <p>Carpenter, Vivian L., and Ehsan H. Feroz. 2001. "Institutional Theory and Accounting Rule Choice: An Analysis of Four US State Governments' Decisions to Adopt Generally Accepted Accounting Principles." <i>Accounting, Organizations and Society</i> 26(7-8): 565-596.</p>	
<p>Week 9 (Oct 15)</p>	<p>The Activity and Cash Flow Statements FSCP: Chapter 10.</p> <p>Carlin, Tyrone M. 2005. "Debating the Impact of Accrual Accounting and Reporting in the Public Sector." <i>Financial Accountability & Management</i> 21(3): 309-336.</p> <p>Lapsley, Irvine, Riccardo Mussari, and Gert Paulsson. 2009. "On the Adoption of Accrual Accounting in the Public Sector: A Self-Evident and Problematic Reform." <i>European Accounting Review</i> 18(4): 719-723.</p> <p>van der Hoek, M. Peter. 2005. "From Cash to Accrual Budgeting and Accounting in the Public Sector: The Dutch Experience." <i>Public Budgeting & Finance</i> 25(1): 32–45.</p>	<p><u>**Final Paper Proposals Due**</u></p>

Week 10 (Oct 22)	Final Paper Proposals: Discussion & Feedback	
Week 11 (Oct 29)	Accounting for Not-for-Profit and Health Care Organizations FSCP: Chapter 11. Parsons, Linda M. 2003. "Is Accounting Information from Nonprofit Organizations Useful to Donors? A Review of Charitable Giving and Value-Relevance." <i>Journal of Accounting Literature</i> 22(1): 104-129. Jegers, Marc. 2003. "The Economics of Non Profit Accounting and Auditing- Suggestions for a Research Agenda." <i>Annals of Public and Cooperative Economics</i> 73(3): 429-451. Burks, Jeffrey J. 2015. "Accounting Errors in Nonprofit Organizations." <i>Accounting Horizons</i> 29(2): 341-361. Gurd, Bruce, and Tian Gao. 2008. "Lives in the Balance: An Analysis of the Balanced Scorecard (BSC) in Healthcare Organizations." <i>International Journal of Productivity and Performance Management</i> 57(1): 6-21.	
Week 12 (Nov 5)	Accounting for State and Local Governments: The Recording Process FSCP: Chapter 12. Kopits, George, and Jon Craig. 1998. "Transparency in Government Operations." Washington, D.C.: International Monetary Fund. Occasional Paper Series No. 158. Cain, Piers, Alan Doig, and Rachel Flanary. 2001. "Filing for Corruption: Transparency, Openness and Record-keeping." <i>Crime, Law & Social Change</i> 36(4): 409-425.	**HW #2 DUE** **HW #3 Assigned**
Week 13 (Nov 5)	Accounting for State and Local Governments: Financial Reporting FSCP: Chapter 13. Warren, Jr., J. Donald, Kevin C. Moffitt, and Paul Byrnes. 2015. "How Big Data Will Change Accounting." <i>Accounting Horizons</i> 29(2): 397-407. Yusuf, Juita-Elena (Wie), Meagan M. Jordan, Katharine A. Neill, and Merl Hackbart. 2013. "For the People: Popular Financial Reporting Practices of Local Governments." <i>Public Budgeting & Finance</i> 33(1): 95-113. Hodges, Ron and Howard Mellett. 2003. "Reporting Public Sector Financial Results." <i>Public Management Review</i> 5(1): 99-113. Ryan, Christine, James Guthrie, and Ron Day. 2007. "Politics of Financial Reporting and the Consequences for the Public Sector." <i>Abacus</i> 43(4): 474-487.	
Week 14 (Nov 12)	Financial Statement Analysis FSCP: Chapter 14. Johnson, Craig, Sharon N. Kioko, and W. Bartley Hildreth. 2012. "Government-wide Financial Statements and Credit Risk." <i>Public Budgeting & Finance</i> 32(1): 80-104. Stone, Samuel B., Akheil Singla, James Comeaux, and Charlotte Kirschner. 2015. "A Comparison of Financial Indicators: The Case of Detroit." <i>Public Budgeting & Finance</i> 35(4): 90-111.	

Week 15 (Nov 19)	Financial Condition Analysis FSCP: Chapter 15. Wang, Xiaohu, Lynda Dennis, and Yuan Sen (Jeff) Tu. 2007. "Measuring Financial Condition: A Study of U.S. States." <i>Public Budgeting & Finance</i> 27(2): 1-21. Clark, Benjamin Y. 2015. "Evaluating the Validity and Reliability of the Financial Condition Index for Local Governments." <i>Public Budgeting & Finance</i> 35(2): 66-88. Jacob, Benoy, and Rebecca Hendrick. 2013. "Assessing the Financial Condition of Local Governments: What Is Financial Condition and How Is It Measured?" Chapter 2 in <i>Handbook of Local Government Fiscal Health</i> , Levine, Helisse ed., Jones & Bartlett Learning: Burlington, MA.	
Week 16 (Nov 26)	Thanksgiving Break – No Class	
Week 17 (Dec 3)	Course Wrap-up & Research Presentations	<u>**HW #3 DUE**</u> <u>**Presentations**</u>
Week 18 (Dec 11)	FINAL EXAM WEEK Submit an electronic copy of your research paper by <u>December 11, 2019 (Tuesday) @ 7PM.</u>	<u>**Research Papers DUE**</u>
Grades Available:	The course grades will be submitted to the Registrar’s Office on or before the date determined by the university.	You are all done here. Good luck elsewhere!