

# PA 410: Public and Non-profit Financial Management

Fall 2008

T TH 9:30 – 10:45 AM, McClelland Hall 134

Instructor: Jun Peng, Ph.D

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Office Hours: T Th 11:00 AM – 12:15 PM or by appointments

## Course Overview

The objective of the course will be to give the student a comprehensive introduction to government finance and the vocabulary and conceptual framework of budgeting for both governments and non-profit organizations. The primary focus will be on state-level governmental finance and budgeting. You will become acquainted with how state governments use the budget process to allocate resources. We will also touch on federal and local budget topics from time to time.

The course is divided into five parts. The first part is a brief introduction. The second and third parts touch on the two sides of government finance: revenue and expenditure. In the fourth and main part of the course, we will look at government finance from a budgeting perspective. The final part of the course touches on budgeting for non-profit organizations. Similarities and differences in budgeting between governments and non-profits will be highlighted.

When the course is over, the student should develop the ability to read and understand budgetary documents, and the ability to analyze key financing issues facing governments and nonprofit organizations.

## Course requirement

There are no formal course prerequisites for this course. Basic spreadsheet skills, however, is needed to complete assignments.

## Assignments and grading:

PIT assignment	10%
Bond assignment	10%
Mid-term	25%
Budget assignment	10%
Short essay assignment	10%
Final exam	30%
Attendance	5%

## Required textbooks:

Mikesell, John, "Fiscal Administration: Analysis and Application for the Public Sector," Seventh edition (Wardsworth 2007)

## **Course Schedule**

### **Part I: Introduction**

#### **Class 1 (Tuesday, 8/26): Introduction**

#### **Class 2 (Thursday, 8/28): Fundamental principles**

Mikesell, Fiscal Administration (Wardsworth 2002), Chapter (pp. 1-25)

### **Part II: Revenue**

#### **Class 3 (Tuesday, 9/2): Tax evaluation**

Mikesell, Fiscal Administration, Chapter 7 (pp. 291-318)

#### **Class 4 (Thursday, 9/4): Personal income tax**

Mikesell, Fiscal Administration, Chapter 8 (pp. 331-366)

\*\*\* Assignment 1 due 9/11 \*\*\*

#### **Class 5 (Tuesday, 9/9): Sales tax**

Mikesell, Fiscal Administration, Chapter 9 (pp. 372-399)

#### **Class 6 (Thursday, 9/11): Property tax**

Mikesell, Fiscal Administration, Chapter 10 (pp. 415-436)

#### **Class 7 (Tuesday, 9/16): User fees**

Mikesell, Fiscal Administration, Chapter 11 (pp. 461-477)

#### **Class 8 (Thursday, 9/18) Intergovernmental grants**

Mikesell, Fiscal Administration, Chapter 14 (pp. 541-567)

#### **Class 9 (Tuesday, 9/13) Debt financing (1) – Time value of money**

Mikesell, Fiscal Administration, Chapter 6 (pp. 258-263)

#### **Class 10 (Thursday, 9/25) Debt financing (2) – Amortization**

Mikesell, Fiscal Administration, Chapter 15 (pp. 586-588)

\*\*\* Assignment due 10/2 \*\*\*

**Class 11 (Tuesday, 9/30) Debt financing (3) – Municipal bond market**

Mikesell, Fiscal Administration, Chapter 15 (pp. 579-586)

**Part III: Expenditure**

**Class 12 (Thursday, 10/2) School financing**

Recshovsky, A., "Fiscal Equalization and School Finance," *National Tax Journal* 1994 (March), pp. 185-198, <http://ntj.tax.org/wwtax/ntjrec.nsf> (click on "Browse by Date").

**Class 13 (Tuesday, 10/7) Welfare**

Weil, Alan, "Ten Things Everyone Should Know about Welfare Reform," <http://www.urban.org/UploadedPDF/310484.pdf>.

**Class 14 (Thursday, 10/9) Medicaid**

Liska, David, "Medicaid: Overview of a Complex Program," Urban Institute (1999), [http://newfederalism.urban.org/html/anf\\_a8.htm](http://newfederalism.urban.org/html/anf_a8.htm)

**Class 15 (Tuesday, 10/14) Midterm**

**Part IV: Budget**

**Class 16 (Thursday, 10/16) Budget as a game**

Mikesell, John, Fiscal Administration, Chapter 2 (pp. 38-56)

**Class 17 (Tuesday, 10/21) Fund accounting**

Mikesell, John, Fiscal Administration, Chapter 2 (pp. 56-60)

**Class 18 (Thursday, 10/23) No class**

**Class 19 (Tuesday, 10/28) Baseline budget – revenues**

Mikesell, Fiscal Administration, Chapter 13 (pp. 514-530)

**Class 20 (Thursday, 10/30) Baseline budget – expenditures**

Mikesell, Fiscal Administration, Chapter 4 (pp. 141-154)

**Class 21 (Tuesday, 11/4) Other fund budgeting; intergovernmental aid, social security**

The Century Foundation, "Social Security Basics" (2002) <http://www.tcf.org/Publications/RetirementSecurity/2002SSBasic.pdf>, pp. 1-25

**Class 22 (Thursday, 11/6) Capital Budgeting**

Mikesell, John, Fiscal Administration, Chapter 6 (pp. 244-257)

**Class 23 (Tuesday, 11/11) No class**

**Class 24 (Thursday, 11/13) Arizona state budget and its history**

In-class handouts

\*\*\* Assignment due 11/20 \*\*\*

**Class 25 (Tuesday, 11/18) Financial plan and multi-year financial planning**

Forsythe, Dall, "State and Local Budgets and the Business Cycle," unpublished (1993)

**Class 26 (Thursday, 11/20) Closing budget gaps**

Forsythe, Dall, Memo # 4 in Memos to the Governor (1997) pp. 35-46

**Class 27 (Tuesday, 11/25) Taxonomy of budget gimmicks**

Mikesell, John, Fiscal Administration, Chapter 34 (pp. 156-161)

\*\*\* Assignment due 12/4\*\*\*

**Class 28 (Thursday, 11/27) Thanksgiving Day**

**Class 29 (Tuesday, 12/2) Performance Budgeting**

Mikesell, John, Fiscal Administration, Chapter 5 (pp. 201-205, 214-225)

**Class 30 (Thursday, 12/4) Budgeting and accounting for nonprofit organizations**

Finkler, Steve A, Chapter 10 in Financial Management for Public, Health and Non-for-Profit Organizations (1999), pp. 1-27

**Class 31 (Tuesday, 12/9) Course summary**

**Final Exam Tuesday, 12/16 (8:00 am – 10:00 am)**