

**Syllabus for PPA 230 Public Budgeting and Finance
Fall 2018**

Lecture: Thursday 6-8:50 PM, Downtown Center

Office Hours: By Appointment (preferably near the State Capitol)

Lecturer: Christian Griffith

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Learning Objectives:

This course provides a comprehensive overview of Public Finance that uses mostly primary documents and forms to allow for experiential learning so that the lessons can be applied in your career. The learning objectives of the course are as follows:

PPA LEARNING OBJECTIVE	HOW APPLIED IN PPA 230
1 b. Identify reasonable alternatives to address problems	Use budget and financial documents and an understanding of the budget process to identify a path to securing resources.
1 c. Analyze and evaluate alternatives and offer solutions	Identify the rules and limitations of public sector revenue sources to develop resource options to fix policy programs.
2 a. Use different analytical skills and tools strategically	Consider the assumptions and limitations behind financial information and the role of financial actors within a public organization to craft an approach to solve problems.
2 c. Understand the critical role of effective leadership in the public	Understand the key roles and perspective of policy makers, public sector managers, and accounting staff.
2 d. Frame and present problems to different audiences to optimize understanding	Use actual data, templates, and instructions used by practitioners to craft deliverables.
3 a. Recognize role of profession in society	Write and present documents to current practitioners to better understand their information needs and decision-making approaches.
3 c. Consider the ethical dimensions of choices in public policy and administration	Recognize the power and responsibility that controlling public resources places upon public sector professionals and the expectations for transparency, accountability, and prudence demanded by that responsibility.

Schedule and Readings

There is only one, very inexpensive, book associated with this course. This book will help familiarize you with basic accounting concepts to reinforce the lessons of the course. I recommend not purchasing the book until after the first class.

Darrell Mullis & Judith Orloff, *The Accounting Game: Basic Accounting Fresh from the Lemonade Stand* (Napier, IL: Sourcebooks, 2008)

I have also identified readings for each meeting. The more you diligently read these documents, the more our time together can be a discussion rather than a lecture. Since this course draws heavily from current events, I may add some readings over the course of our semester to add to our discussion. However, I will make sure all new readings are free, public domain documents.

Date	Topic	What you need to do BEFORE this class:
8-30	Introductions to budgeting <ul style="list-style-type: none"> • Introductions • The entire course on one slide. • Accounting! • Anticipating the Future • The Dashboard • Forecasting Exercises (Handout in class) 	First class Assignment handed out in class: Budget Exercise Forecast and Class Forecast and Survey
9-6	General Fund versus Special Fund—and how they play together <ul style="list-style-type: none"> • Compare Forecast with Actuals • How do you react? • Why have Special Funds? • Tricks we have used Lemonade! <ul style="list-style-type: none"> • Balance Sheet • Income Statement • Private Sector Versus Public State of California <ul style="list-style-type: none"> • Summary of Charts 	Assignment Due: Bring your completed forecast and survey. What you need to read/watch: <ul style="list-style-type: none"> • Read Lemonade Chapters 1-3—Fill Out Tables • Watch this video before the class: LAO State Budget 101 Video on State Spending http://lao.ca.gov/Videos/Player?playlistId=4&videoId=8 • Summary of Charts for California's 2018-19 budget: http://www.ebudget.ca.gov/2018-19/pdf/Enacted/BudgetSummary/SummaryCharts.pdf • Read this before class:

		<p>Government Accounting Standards Board discussion of fund types: http://gasb.org/cs/ContentServer?c=GASBContent_C&pagename=GASB%2FGASBContent_C%2FUsersArticlePage&cid=1176156737123</p> <p>Assignment Due: Adopt-a-Budget Schedule</p>
9-13	<p>Budget Structure: Who, What, Where, Why, When?</p> <ul style="list-style-type: none"> • Basic Budget Structure • What do governments buy? • Different roles, different challenges • Encumbrances • Command and Control • The “blanket” • Why do public agencies order supplies in March? • Why is this statement true: “Cash Rules Everything Around Me”? • The Role of Control Agencies • Overhead • Adopt-a-Budget Example Presentation <p>Lemonade</p> <ul style="list-style-type: none"> • Cash Management • Cash Versus Accrual • LIFO versus FIFO 	<p>Reading:</p> <p>Lemonade Chapters 4 and 6 (Chapter 5 is disappointing)</p> <ul style="list-style-type: none"> • The California State Administrative Manual's description of encumbrances: http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/sam_master_file/chap8300/8340.pdf • State Administrative Manual attempts to explain the Salary Blanket http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/sam_master_file/chap6000/6518.pdf • The State of California runs out of cash. http://www.sco.ca.gov/eo_pressrel_PR08_065.html • The Controller discusses the State's Cash situation in 2008 http://www.sco.ca.gov/eo_pressrel_PR08_065.html • DOF Fund Reconciliation Guide (Skim this document) http://dof.ca.gov/Accounting/Policies_And_Procedures/Fund_Reconciliation/documents/DFB303_2016_Guide_FINAL.pdf
9-20	<p>How budgets are built?</p> <ul style="list-style-type: none"> • State budget process • Federal budget process • An sample local process • Players and politics 	<p>Read this: Lemonade: Chapters 7-10</p> <p>Read these:</p>

	<ul style="list-style-type: none"> Types of budgeting approaches--Baseline, Zero-Based, Performance-Based <p>Adopt-a-budget Presentations Round 1</p>	<ul style="list-style-type: none"> A useful California Budget flowchart http://calbudgetcenter.org/wp-content/uploads/Navigating-the-State-Budget-Process-12.2015.pdf The Department of Finance budget timeline (scroll through each month, but start notice that it starts in April) http://dof.ca.gov/budget/general_budget_timetable/index.html A high-level walkthrough of the State budget process https://www.nationalpriorities.org/budget-basics/federal-budget-101/federal-budget-process/ A report on Performance Based Budgeting: http://pmc.cdt.ca.gov/pdf/Performance-Based-Budgeting-Report-Berkeley.pdf A report from the Governor's Financial Officers Association http://www.gfoa.org/sites/default/files/GFOAZeroBasedBudgeting.pdf
9-27	<p>How to ask for things in the budget</p> <ul style="list-style-type: none"> Budget Change Proposal critique Writing effective proposals Subvention <p>Adopt-a-Budget Presentations Round 2</p>	<p>Read the following:</p> <ul style="list-style-type: none"> The "Bee Safe" proposal: http://web1a.esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG8570_BCP1775.pdf Nutria Infestation: http://web1a.esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG8570_BCP2373.pdf Child Welfare Services Oversight: http://web1a.esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG5180_BCP1836.pdf Implementing a bill: http://web1a.esd.dof.ca.gov/Documents/bcp/1819/FY1819_ORG0845_BCP1684.pdf

		Assignment handed out in class: Write a GOOD Budget Proposal using the official State form.
10-4	<p>Budget request exercise</p> <ul style="list-style-type: none"> • Writing versus reviewing a request • Advocacy • Criteria for evaluating requests 	<p>Assignment Due: Complete your DF-46 Narrative</p> <ul style="list-style-type: none"> • You can find DOF's form and instructions (but use my instructions) here: http://dof.ca.gov/budget/Resources_for_Departments/Budget_Forms/
10-11	<p>Evaluating the choices at the ballot box</p> <ul style="list-style-type: none"> • Discuss ballot-box budgeting • Significant State Propositions • Examples of Local Measures <p>Adopt-a-Budget Presentations Round 3</p>	<p>Read this:</p> <ul style="list-style-type: none"> • Secretary of State Ballot Pamphlet for November 2018 (A link will be available when we get closer to the election) <p>Assignment: San Francisco Budget Challenge</p>
10-18	<p>What is a CAFR?</p> <p>Budgeting for Capital Projects</p> <ul style="list-style-type: none"> • How do you pay for these? • Net present value—time equals money • Funding big projects • Project approval • Information technology <p>Adopt-a-Budget Presentation Round 4</p>	<p>Read the following:</p> <ul style="list-style-type: none"> • City of Stockton CAFR (Just skim it!) http://www.stocktongov.com/files/2017_CAFR.pdf • Are CAFRs useless? http://www.governing.com/topics/finance/gov-are-annual-financial-reports-useless.html • California 5-Year Infrastructure Plan, 2018 (Pages 127-135) http://www.ebudget.ca.gov/2018-19/pdf/BudgetSummary/Infrastructure.pdf • 2018 High Speed Rail Business Plan (Chapters 3 and 4) http://www.hsr.ca.gov/docs/about/business_plans/2018_BusinessPlan.pdf <p>Assignment for next class: San Francisco Budget Challenge.</p>

10-26	San Francisco Budget Challenge How are priorities really set?	Assignment Assignment: Yuba City Financial Analysis Exercise Group Project
11-1	How to cut your budget <ul style="list-style-type: none"> Politics, stakeholders, process, and priorities Yuba City Group Exercise Time	Review this website <ul style="list-style-type: none"> Options for Reducing the Deficit: 2015 to 2024 https://www.cbo.gov/budget-options/2014 For discussion for assignment: <ul style="list-style-type: none"> Yuba City 2017 CAFR https://www.yubacity.net/UserFiles/Servers/Server_239174/File/Finance/Budgets%20and%20Reports/Budgets%20and%20CAFRs/2017/City%20of%20Yuba%20City%20CAFR%202017%20Final%2012-6-17%20v4.pdf Yuba City 2018-19 Budget https://www.yubacity.net/UserFiles/Servers/Server_239174/File/Finance/Budgets%20and%20Reports/Budgets%20and%20CAFRs/2018/2017-2018%20Adopted%20Budget%20-%20WEB%20version.pdf Assignment: Yuba City Financial Analysis Presentation
11-8	Yuba City Financial Analysis <ul style="list-style-type: none"> How do you use financial data to set the agenda of an entity? 	Assignment Due: Yuba City Financial Analysis Presentations
11-15	Revisiting the State budget, special funds, audits <ul style="list-style-type: none"> Audits The silver lining of audits How to find money 	Readings for this class: <ul style="list-style-type: none"> Manual of Special Funds homepage http://dof.ca.gov/budget/manual_state_funds/index.html A description of the “Single Audit” http://dof.ca.gov/Programs/OSAE/Audit_Reports/Single_Audit_Reports/ Assignment: Final Assignment Memo to the Governor Elect
11-22	Thanksgiving Day, No Class	Eat

11-29	A look forward to 2019 <ul style="list-style-type: none"> • US and California economic outlook • What will the hot budget topics in 2019 • New Governor, new Congress? 	Read: <ul style="list-style-type: none"> • LAO 2018 November Outlook (Link forthcoming) • International Monetary Fund World Economic Outlook (Link forthcoming)
12-6	Final Review, Final Paper <ul style="list-style-type: none"> • Final Presentations • Revisiting Forecasts 	Final Assignment Due

THE ENTIRE COURSE IN ONE SLIDE

Why Understanding the Budget is Important:

1. Forecast organization's expectation of the future environment.
2. Plan for the future course of the organization through allocation and prioritization of resources.
3. Control and manage the activities of an organization with resources.
4. Enforce the vision through oversight.
5. Evaluate progress, efficiency, and performance.

Below are some of the key areas we will cover in this course:

- Learn and apply the basic principles of how budgets of public sector entities are developed:
 - How are budgets built and agreed upon?
 - How do public entities use financial systems for management and control?
 - Why are special funds challenging to budget?
 - How do budgets vary in different agencies and policy areas?
- Gain insight into the perspective of various stakeholders in public finance:
 - Who are the key stakeholders in the budget process?
 - How does the budget itself guide day-to-day operations of public entities?
 - What is the role of a CAFR in financial reporting?
 - What types of approaches do decision makers use to evaluate budget requests?
 - How does the local-state relationship play such a key role in California public finance?
- Leverage this knowledge to improve your effectiveness at work:

- Why is budgeting for staff so important, but also so difficult?
- What are some persuasive arguments you can use to advocate for resources?
- What are likely to be the big policy issues that fiscal staff will talk about in California in 2019?

CLASS ATTENDANCE I expect students to attend all class sessions unless they have a compelling reason not to do so. Please notify me in advance if you need to miss a class. Except under unusual circumstances, a student who misses three classes will be penalized one entire grade (e.g. an A- for the course will become a B-), and a student who misses more than three classes will receive a failing grade.

SPECIAL NEEDS RELATED TO DISABILITIES Should you need assistance with portions of class due to disabilities, please let me know as soon as possible. The University offers services to student with disabilities and I would be glad to refer you to the appropriate campus unit.

ACADEMIC HONESTY I take issues of academic honesty (including avoiding plagiarism) seriously and you should as well. If you are unfamiliar with the specifics of University policy in this area I recommend you review the appropriate section of the on-line University Policy Manual: <http://www.csus.edu/umanual/AcademicHonestyPolicyandProcedures.htm>.

LATE ASSIGNMENTS I will accept late assignments (or allow for a make-up assignment) only in unusual circumstances. Whether or not a penalty will be assessed depends on the reason (e.g., a family emergency constitutes a good reason for missing a deadline; a competing requirement for another course does not).

Grading and Assignments

Assignment 1: Forecast Exercises *5 percent of grade*

These simple and fun exercises start off the year. First, you have to fill out your forecast for the session 2 budget. Second you have to project certain economic and social variables that we will track in real time. You get free candy for completing this assignment too.

Assignment 2: Adopt-a-budget *15 percent of grade*

You are going to pick a budget of a public entity and create a PowerPoint presentation that you will present in class. The presentation covers the revenues, expenditures, staffing, organizational hierarchy and financial structure, and key challenges faced by the entity. You need to email the presentation to me at least 3 hours prior to your presentation.

Assignment 3: Budget Change Proposal *30 percent of grade*

You will write a Budget Change Proposal using the Department of Finance directions and forms. You will then present your proposal to Department of Finance staff for their evaluation and feedback.

Assignment 4: San Francisco Budget Challenge *15 percent of grade*

You will be assigned a fictitious role that has a role in passing the budget for the City and County.

Assignment 5: Yuba City Financial Analysis Group Exercise *20 percent of grade*

You will be part of a group that will analyze an aspect of Yuba City's finances and then present your findings to the Mayor of Yuba City in class. The four groups will likely be:

- Group 1: Debt and Liabilities
- Group 2: Revenues and Expenditures
- Group 3: Staffing
- Group 4: Capital Outlay

Assignment 6: Memo to Governor-elect *15 percent of grade*

You will write a painfully short memo to our new Governor that tries to persuade him to pursue a certain policy.