

San Diego State University
School of Public Affairs
PA650 Seminar in Public Financial Management
Dr. Salvador Espinosa
(sespinos@mail.sdsu.edu)

Spring 2009

Classroom: Storm Hall 147
Meeting time: Mondays 7-9.40pm
Office hours: by appointment

Course objectives

The foreword for the fifth edition of *Management Policies in Local Government Finance* (the textbook for this seminar) does a good job explaining the importance that a sound financial management has when governments experience increasing fiscal stress:

The recent, precipitous loss of federal and state revenues has brought into sharp focus the need for sound local financial management. Restructuring [the US] economy, as globalization becomes a reality, is possibly the most visible challenge for local economies...but infrastructure needs and the sheer complexity of management in the twenty-first century contribute mightily to a high-risk environment that demands intelligence, foresight, decisiveness, and political acumen. The need for strong leadership in financial management has never been greater”

This course intends to equip students with the necessary tools to analyze the financial condition of a government. It is also designed to encourage an informed discussion of current problems in state and local finances, as well as possible avenues of policy reform.

The contents of the seminar will serve to fulfill the objectives described in the 2008-2009 California State University Graduate Bulletin: *Economics and politics of the public sector. Theories of public expenditure analysis and revenue generation. Issues of ethics and efficiency in government financial policy* [p335].

Prerequisites: PA450 (a succinct review of the most important elements of this class will be given in the first two weeks of the seminar. Students are encouraged to discuss with the professor the possibility to audit some of his PA450 lectures).

Textbooks

Required

- Aronson, Richard and Eli Schwartz (eds.); Management Policies in Local Government Finance; 5th. Edition.

Supplemental

The professor will use the following books as references to prepare each session. Purchasing them is not mandatory. However, **the student must be aware that if the material is used in class, it is “fair game” for any exam or project assigned.**

- Wang, XiaoHu (2006); Financial Management in the Public Sector: Tools, Applications and Cases; ME Sharpe, New York.
- J. L. Mikesell. 2003. Fiscal Administration: Analysis and Applications for the Public Sector, 6th Edition. Wadsworth Publishers.
- ICMA; “Evaluating Financial Condition: A Handbook for Local Government”

Graded activity	Percentage of final grade
Attendance and participation (class discussion)	10%
Readings portfolio (3 topics)	30%
Analytical memos and assignments	20%
Term paper (Fiscal condition analysis)	40%
Total	100 %

1. Attendance and participation

Given that this class is a seminar and not a lecture, the professor expects students to participate actively in class discussion. Class attendance and participation are essential to obtaining a good grade.

The student must be aware that additional readings will be assigned over the course of the semester. These readings will be used as references for class discussion. The student will be informed with ample time so that he/she can plan accordingly.

2. Readings portfolio (SaS Project)

Each student is expected to choose **three** synopses about any of the topics covered in this syllabus. The goal of this exercise is twofold. First and foremost, it will encourage the student to carry out additional research on topics discussed in class. The student will do a short presentation about the chosen readings and the reason why he/she considers them important (further details will be explained during the first session of the seminar).

The second objective is to start integrating a reading list that present and future PA650 students will use in the preparation of their qualifying exams.

3. Analytical memos and assignments

There are six (6) scheduled assignments in the syllabus for this seminar. Each assignment builds on topics discuss in class and is intended to provide the student with a hands-on experience in current issues related to financial management. The professor will explain details about each assignment when assignments are released.

4. Term paper

Students will prepare a comprehensive financial condition analysis for the county of San Diego, the state of California or a city or county of their choice. There are two (2) scheduled sessions in the syllabus where details about the term paper will be explained. Students will be given the option to work individually or in pairs. If the latter option is chosen, the students will agree to distribute the work equally and make every effort to deliver a product of excellent quality. Working in teams will give students the opportunity to exchange ideas and increase their learning experience.

It should be clear to everybody that this is a **graduate** seminar integrated by students with high ethical and professional standards.

Special Accommodations

Students who need accommodations of their disabilities should contact me privately to discuss specific accommodations for which they have received authorization. If you have a disability, but have not contacted Student Disability Services at 619-594-6473 (Calpulli Center, Suite 3101), please do so before making an appointment to see me.

In addition, I will make every effort to accommodate difficulties in attendance arising from religious observance. You are asked to bring any possible conflicts to my attention as soon as possible. Students should not expect, if they do poorly on an assignment/exam, to claim at that time the need for an accommodation. This statement is to preclude that problem, and allow people with a need for accommodations to be treated fairly and appropriately.

Grading criteria

The following is the grade distribution that will be used to compute your grades:

A	95-100
A-	90-94.9
B+	87-89.9
B	84-86.9
B-	80-83.9
C+	77-79.9
C	74-76.9
C-	70-73.9
D+	67-69.9
D	64-66.9
D-	60-63.9
F	0-50.9

Course schedule (subject to change)

- Past experience shows that some topics may require more than one session to be covered properly. This, however, depends on elements that are usually hard to predict. The professor will make his best effort to maintain the course schedule as shown here but reserves the right to adjust the course schedule if necessary.
- The student should be aware that **additional readings may be assigned over the course of the semester**. If this is the case, students will be notified at least a week in advance. Please plan accordingly.

		Topics and readings
<u>Module I:</u> <u>The context</u> “The Local Government Setting”	Week 1 January 26	<u>Course introduction</u> + <u>What is going on in CA?</u> <ul style="list-style-type: none"> • A&S, chapters 1
	Week 2 February 2	<u>Financial Management in Local Governments</u> <ul style="list-style-type: none"> • A&S, chapters 2, 3 (skim only) and 4 • Assignment 1 released.(DUE Week 3)
<u>Module II:</u> <u>The Policy instruments</u> “Budgets and decision making”	Week 3 February 9	<u>Budget institutions, processes and politics</u> <ul style="list-style-type: none"> • A&S, chapter 7. • Mikesell, chapters 2-5 (*) • Rubin (*) • Assignment 2 released. DUE Week 5
	Week 4 February 16	<u>Financing Public Spending:</u> <u>Where do we get the money?</u> <ul style="list-style-type: none"> • A&S, chapters 10, 11 and 12
	Week 5 February 23	
<u>Module III:</u> <u>The skills</u> “Tools for	Week 6 March 2	<u>Financial condition analysis (part 1)</u> <ul style="list-style-type: none"> • ICMA, page Vi (A note from S&P) (To be distributed by the professor) • Wang, chapter 12
	Week 7	<u>Performance Monitoring: are we meeting the intended goals?</u> <ul style="list-style-type: none"> • Wang, chapter 7 • Assignment 3 released. DUE Week 8

Effective Financial Management	March 9	
	Week 8 March 16	<u>Forecasting Local Revenues and Expenditures</u> <ul style="list-style-type: none"> • A&S, chapter 5 • Assignment 4 released. DUE Week 9
	Week 9 March 23	<u>Long-term financing; Cost-benefit analysis</u> <ul style="list-style-type: none"> • A&S, chapter 6 • Mikesell, chapter 6 (*) • Assignment 5 released. DUE Week 11
	Week 10 March 30	<u>* Spring recess, No class *</u>
	Week 11 April 6	<u>Financial condition analysis (part 2)</u> <ul style="list-style-type: none"> • Readings TBA
	Week 12 April 13	<u>Financial accounting, reporting and auditing</u> <ul style="list-style-type: none"> • A&S, chapter 8 Wang, 9, 10 and 11. • Assignment 6 released. DUE Week 14
	<u>Module 4: Topics in Financial Management</u>	Week 13 April 20
Week 14 April 27		<u>Cash and Investment Management</u> <ul style="list-style-type: none"> • A&S, chapter 16
Conclusion	Week 15 May 4	<u>Presentations and closing remarks</u>
	Week 16 May 11 (class meets only if it is needed)	