

Spring 2012

PPD 541

## Public Financial Management and Budgeting

UNIVERSITY OF SOUTHERN  
CALIFORNIA School of Policy,  
Planning, and Development

Instructor Michael P. Busch

Course Sessions: Thursdays  
6:00 - 9:20 PM

### Course overview and learning objectives

This course considers the theory and practice of public finance with a particular focus on the structure and choice of public sector fiscal management and budgeting. The course in particular focuses on state and local government applications of public finance, where analysts and managers face particularly acute challenges in designing fiscally sound and politically feasible budget strategies.

Following a discussion of the context for public sector finance it turns to examining choice of budget mechanisms to include taxation including the economics of taxation of income, consumption and trade, fiscal balance and capital financing. It also considers contemporary issues and innovations in public finance, including coping with fiscal crisis; infrastructure and debt finance; and public/private partnerships. It emphasizes integration of theory and practice through use of case analysis and application. Learning objectives include:

- Understanding and analysis of public finance with a particular emphasis on state and local government in the United States and California particularly.
- Critical understanding of the role of the public sector, and of the normative and practical challenges facing the design of budgeting for public services.
- Develop skills needed to effectively participate in the budget process and financial management activities including capital budgeting, debt financing, and financial forecasting.

### **Instructor Bio:**

Michael P. Busch is President of Urban Futures, Inc, which provides full service consulting to municipalities, assisting with strategic planning, financial

in 2007 following a successful career in municipal government having served primarily in Assistant Deputy City Manager and Chief Financial Officer responsibilities. Mr. Busch has extensive experience in Strategic Planning,

1

Municipal Finance, Economic Development/redevelopment, and project implementation leading to the issuance of over \$600 million in taxable and tax exempt debt offerings. Mr. Busch has a unique background having served as a private sector executive, public agency financial advisor, Finance Director, City Treasurer, Deputy City Manager and Assistant City Manager.

Course Requirements:

This course requires that you read the assigned readings and be prepared to discuss them, do plenty of homework, complete two policy papers, and write and present a final paper.

- Class Participation: Each student is required to participate in class discussions. Each student will be asked to summarize readings as part of the class discussions and to present policy papers and the final paper.
- Required Readings: Consistent with standard practice, do all assigned readings before the class in which we discuss them. One reason it is important that you do this is because I will call on students randomly to lead discussions on the topics covered in the reading.
- The Homework: Recurring Assignments. The homework assignments reinforce the technical aspects of the material we cover in class. The homework allows you to “learn- by-doing,” which is the only way to understand many topics in public financial management. This is how I grade the homework – you get full credit on an assignment for turning it in:
  - On-time, which means emailing your completed homework assignment (preferably as single file) to my email by 11:59pm on the day it is due; and
  - For making a good faith effort to do it correctly and completely.

Each homework assignment you do not turn in, that you turn in late, or that I return to you and ask that it be done again with the requisite good faith effort (which is different than returning it to you and asking that you correct certain mistakes), will reduce your score on the homework portion of your final grade.

- The Policy Papers. The policy papers are my attempt to measure how well you understand the key concepts from the required readings and the homework assignments. During the class meeting the day prior to each paper dues date, we will take some time to go over the items that the next day’s policy paper will cover.

### Prerequisites

This course will require basic math skills and the use of calculator for each class and possibly for the policy papers and final paper. Additionally, you will also be required to complete most of your homework assignments using a spreadsheet computer program – preferably Excel, but others are also acceptable. Spreadsheets go hand-in-hand with public financial management; they are now a workplace tool as basic as the pencil and calculator. If you have not used spreadsheets before, in this class you will learn how. If you are already comfortable with spreadsheets, this class will give you an opportunity to hone your skills.

### Required Texts and Documents

- Steven A Finkler. 2010. Financial Management for Public, Health, and Not-for Profit Organizations. Third Edition. Pearson Education, Inc.
- Readings made available on Blackboard

Additional readings will also be assigned throughout the course. Additional readings will focus on current issues in public finance. Additional readings will be made available to students via blackboard, handed out in class or emailed to all students

In addition, to do the required policy papers, homework and final paper, you will need to acquire (or gain access to) the Fiscal Year (“FY”) 2011-12 budget document and, depending on how much historical data the FY 2011-12 document contains, the FY 2010-11 budget document as well, for a general-purpose local government (e.g., either a city or county). You also need the three latest published comprehensive annual financial reports (CAFR) for that government (probably FY 2010-11, FY 2009-10, and FY 2008-09). Most governments now require payment for the current year versions of these documents (\$10-\$25 seems to be the going rate, but it varies), while previous year versions are generally free. Increasingly, these documents are available on-line for free on the government’s website, so look for them there first. Otherwise, you’ll need to arrange to have the documents sent to you, or pick them up yourself, from the government agency you choose to analyze.

### Grading

Homework	25%
Policy Papers	25%
Final Paper & Presentation	25%
Class Participation (includes attendance)	25%

### Academic Integrity

All of the University’s policies concerning academic integrity apply to this course. Please don’t do anything that would force me to enforce those policies.

### Disability Services and Programs Statement

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 201 and is open 9:30 a.m. – 5:00 p.m. Monday through Friday. The phone

