

Spring 2025

Wednesday's 6:00 to 9:20 pm

Classroom: RGL 215

Instructor: Mark Alvarado, CPA

Adjunct Professor of the Sol  
Price School of Public Policy

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### **PPD 541 - Section 51243**

*Public Financial Management and Budgeting*

#### **Course Description**

**Catalogue description:** Financial management applied to public and nonprofit organizations, financial valuation, financial markets, budgeting, tax administration, debt financing, cost-benefit analysis, and financial analysis.

The focus of the class is on the core financial concepts that are most applicable to public administration. The goal is not to make the students finance managers or accountants, but to know how to use financial information as government administrators.

Students will develop skills applicable across the public and nonprofit sectors, and within federal, state, and local agencies. Considering the instructor's professional experience, the applications and examples will focus more heavily on state/local and nonprofit agencies within the United States.

In this course students will become familiar with public institutions and processes including politics of the budgetary process, sources of public and nonprofit revenue, drivers of public costs (pensions, health care, entitlements), and constraints on fiscal growth (housing needs, outsourcing and political pressures).

## Textbooks & Materials

### Required Textbook:

Finkler, Steven A., Smith Daniel L., and Calabrese Thad D. (2023). *Financial Management for Public, Health, and Not-for-Profit Organizations, Seventh Edition*. Sage, Congressional Quarterly Press. Available to rent or buy in both hard cover and electronic version at Amazon, etc. See publisher for more details: <https://us.sagepub.com/en-us/nam/financial-management-for-public-health-and-not-for-profit-organizations/book274952>

### Required and Optional Readings and Support Resources:

Readings are listed in the syllabus. Additional readings may be assigned during the semester. Some readings can be obtained by an Internet search or may be distributed in class. **NOTE:** Understanding the applicability of Excel is an advantage in government. For those students who desire more experience using Excel, there are excellent examples outlined in the textbook.

## Grading

This course uses the following percentage-based grading matrix:

Evaluation Categories	Weighted %
Participation in Class	10%
Assignments	30%
Mid-term Examination	20%
Final Examination	20%
Major Project	20%
<b>TOTAL</b>	<b>100%</b>

- **Participation:** Participation in the class is a key part of the learning process, so students are expected to attend class and contribute in a constructive and appropriate manner. The participation grade will be based on active engagement in the weekly class discussions.

- *Major Project:* Each student is to do an analysis of the budgetary process for the community in which they reside or a neighboring city. A paper of approximately 5,000 (five thousand) words should analyze the local jurisdiction’s budgetary process, including community participation, an understanding of the actual budget, an explanation of the major revenues and expenditures, reserve funding levels, any liability concerns, and an overall impression of how the community understands its budgetary process. The major project will be due on the date of the final exam. **Students will be asked to identify the city they will be analyzing by the second month of the semester.**
- *Midterm and Final Examination:* Students will complete in-class mid-term and final examinations.

**Grading Scale**

Course final grades will be determined using the following scale. (No rounding up.)

A	95-100	C	73-76
A-	90-94	C-	70-72
B+	87-89	D+	67-69
B	83-86	D	63-66
B-	80-82	D-	60-62
C+	77-79	F	59 and below

**Assignments**

Assignments are due to the instructor by 6 pm (the start of class), of each of the week’s that an assignment is due. They should be posted in Brightspace. For example, the submission of Week #3’s assignment is due at 6 pm on Wednesday of week 3.

The instructor will review each student’s paper, prepare a response, and attach grade points as outlined.

Assignments will not be accepted after the due date without advance written permission of the instructor, who will impose late penalties on late assignments (usually 10 percent per day late). If issues arise that affect your ability to complete work in a timely manner, please inform your instructor who will work with you on any potential accommodation.

Any announcements or distribution of materials will be posted through Brightspace.

Guidelines for all written work:

- All assignments should be submitted in Microsoft Word, Excel, or PDF (for the final project).
- Papers must be single-spaced, with 12-point font.
- Keep a copy of all submitted papers.
- Excessive typographical errors and spelling errors at this level reflect poorly on the professionalism of work and may result in loss of points.
- All page length requirements are for single-spaced pages.

### **Dropping and Adding Courses**

All such changes must be processed through the university's registration process. Failure to withdraw officially will result in the mark of "UW," which is computed in the GPA as zero grade points. A student may withdraw from a course without academic penalty during the first 12 weeks of the semester. If the course is dropped within the first three weeks, it does not appear on the academic transcript; if the course is dropped within weeks four through 12, it will be recorded with a mark of "W." No course may be dropped after the end of the 12th week. A student may not withdraw from a course in which he or she committed or was accused of committing an academic integrity violation. After registering, it is the student's responsibility to withdraw officially from a course if he or she decides not to continue in a course. Courses may be added only during the first three weeks of the semester.

The specific dates for adding and dropping a course in a semester can be found at the Registration Calendar link in the [USC Schedule of Classes](#).

### **Statement on Academic Conduct and Support Systems**

#### **Academic Integrity**

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct contrasts with the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the USC Student Handbook. All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or "recycle" work

prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see the student handbook or the Office of Academic Integrity's website, and university policies on Research and Scholarship Misconduct.

### **Statement on Academic Conduct and Support Systems Academic Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, comprises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see the student handbook or the Office of Academic Integrity's website, and university policies on Research and Scholarship Misconduct.

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

### **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible because accommodations are not retroactive. More information can be found at [osas.usc.edu](http://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

### **Support Systems:**

#### **Counseling and Mental Health - (213) 740-9355 – 24/7 on call**

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. 988 Suicide and Crisis Lifeline - 988 for both calls and text messages – 24/7 on call

**The 988 Suicide and Crisis Lifeline** (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

#### **Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355 (WELL) – 24/7 on call**

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

#### **Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086**

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

**Reporting Incidents of Bias or Harassment** - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

**The Office of Student Accessibility Services (OSAS)** - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

**USC Campus Support and Intervention** - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

**Diversity, Equity, and Inclusion** - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

**USC Emergency - UPC:** (213) 740-4321, **HSC:** (323) 442-1000 – 24/7 on call

**Emergency assistance and avenue to report a crime.** Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

**USC Department of Public Safety - UPC:** (213) 740-6000, **HSC:** (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

**Office of the Ombuds** - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

**Occupational Therapy Faculty Practice** - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

## About the Instructor

Mark Alvarado is a retired city finance director and assistant city manager. He is currently a financial consultant specializing in accounting support for cities. He specializes in the area of managing cities' finance departments, including creating and or overseeing the citywide budget process, the creation of capital improvement budgets, budget projections, budget and accounting review, debt financing, including pension obligation bonds, pension cost analysis, organizational review of the finance department, General Fund long term forecasting, financial sustainability plans that include long term pension costs, fee and charge review and implementation, retiree and pension trust set up, and retiree medical plan alternatives.

Prior to that he was the Assistant City Manager/Finance Director for the City of Monrovia for 20 years. He served as the Assistant Finance Director for four years previous to that. Additional experience also includes six years in public accounting, serving as an audit supervisor overseeing audits of school districts; two years of tax accounting for Beverly Enterprises, and two years working for the Internal Revenue Service, serving as a tax auditor.

Professor Alvarado was President of the California Society of Municipal Finance Officers, Chair of the Technology Committee, and State representative to the national Government Finance Officers Association.

Academically, Professor Alvarado has a Bachelor of Science in Accounting from the University of Southern California and is a Certified Public Accountant.



## **Week 1: January 15, 2025: Introduction**

This first week will provide a general orientation to the class and an overview of the institutional content of financial management and budgeting. There will be personal introductions. Be prepared to discuss any current relevant work experience, expectations of this course, and any government or non-profit work goals for the next five years.

Key Learning Objectives for the Semester:

- Budgeting processes (political and organizational aspects)
- Budget preparation (operating, capital, cash, etc.)
- Budget analysis (justification, performance indicators, etc.)
- Budgeting approaches (performance based, zero based, program and flexible budgeting)
- Sources of revenue (taxing options, user charges, other sources)
- Cost-benefit and cost-effectiveness analysis (including present value concepts)
- Capital investment and capital budgeting
- Debt management and long-term financing
- Fundamentals of financial reporting and condition analysis

Readings: Chapter 1

## **Week 2 January 22, 2025: Introduction to Financial Management and Budgeting**

Learning Objectives:

- Define foundational concepts: financial management, financial accounting, managerial accounting, and budgeting.
- Discuss the major revenue and expenditure flows in the public or nonprofit sector.
- Experience trade-offs in achieving budgetary balance.
- Articulate the importance of financial sustainability and managing a rainy-day fund for the purposes of resilience in the face of a fiscal crisis.
- Leadership of organizations.

Readings: Chapter 2

## **Week 3: January 29, 2025: Budgeting as Planning for Success**

Learning Objectives:

- Explain the role of budgets in the public sector or nonprofit environments and how they relate to the organizational mission, core values and strategic plans.
- Define and discuss the primary types of public sector budgets, including special purpose, operating, capital, and cash budgets.
- Identify the differences between cash and accrual budgeting and explain the advantages of each.
- Use analytical review techniques to identify trends
- Introduce major project and importance for students to identify city to be analyzed.

Readings: To be assigned.

Assignment #1: Identify key budget objectives in the budget document posted in Brightspace.

## **Week 4: February 5, 2025: Budgeting as Performance**

Learning Objectives:

- Define and describe the advantages and disadvantages of several budgeting approaches, including line-item, responsibility centers, programmatic budgeting, and flexible budgeting.
- Describe the advantages and constraints of Zero-Based Budgeting (ZBB).
- Define and discuss the advantages and constraints on performance budgeting.
- Apply simple forecasting techniques utilizing historical data.
- Describe the limitations on historical forecasting and alternative methods.

Readings: Chapter 3 (including Appendices)

Assignment #2: Worksheet will be posted in Brightspace to identify budget data similar to a budget document we will be reviewing in class.

## **Week 5: February 12, 2025: Cost and Cost Analysis**

Learning Objectives:

- Explain the difference between administrative or accounting costs and the broader concept of opportunity costs.
- Define and apply cost concepts, such as direct, indirect, fixed, variable, and marginal costs.
- Explain the importance of considering marginal costs in making financial decisions, such as outsourcing or changes in service levels.
- Conduct break-even analysis in making financial decisions.

Readings: Chapter 4

Assignment #3: Complete the line-item budget worksheet posted in Brightspace.

## **Week 6: February 19, 2025: Budget Balancing Alternatives**

Learning Objectives:

- Integrate and apply material on cost allocation and budget analysis.
- Articulate the advantages and disadvantages of the options to reduce costs keeping in mind both budgetary and political considerations.
- Craft a concise and professionally formatted financial management memorandum that conveys financial analysis findings in lay person terminology.

Readings:

1. Institute for Local Government, *Key Questions for Local Officials*
2. Institute for Local Government, (2014), *City of Monrovia – Public Education and Outreach*

## **Week 7: February 26, 2025: Budget Cost Cutting Alternatives**

Learning Objectives:

- Analyze budget options to produce a balanced budget.
- Review expenditure cuts to identify options to balance a pending budget

Assignment #4: In approximately 500 to 750 words prepare a memorandum for the case study posted in Brightspace.

Case Study: *The Organizational Context of School Budget Cuts*

## **Week 8: March 5, 2024: Midterm Exam**

Mid-term Exam: In class exam.

**Week 9: March 12, 2025: Capital Budgeting and Cost Benefit Analysis**

Learning Objectives:

- Define and discuss capital budgeting.
- Define and discuss cost benefit analysis.
- Define time value of money, present and future value and internal rate of return.
- Engage the philosophical and ethical controversies that come into play when attaching monetary values to health and environmental assets.

Readings: Chapter 5

**Spring Recess: March 19th****Week 10: March 26, 2025: Long-Term Debt Financing; Pension Liabilities**

Learning Objectives:

- Discuss primary approaches to long term financing: equity and debt financing.
- Evaluate pension obligation bonds as a way to pay down liabilities.
- Review debt payments, values, and interest rates.
- Analyze the advantages and disadvantages of lease financing as a source of long-term financing.
- Articulate the key differences between defined contribution and defined benefit plans.
- Identify and analyze options for improving the sustainability of public pension strategies.

Readings: Chapter 6

**Week 11 April 2, 2025: Financial Reporting and Accountability**

Learning Objectives:

- Describe the structure of financial accounting and the fundamental equation of accounting.
- Describe auditing, types of audits, standard variance analysis, and reports.
- Explain the purposes of and interrelationship between the balance sheet and activity statement.

Readings: Skim Chapters 9-10.

Assignment #5: Identify information from an audit report, specifically pension related issues.

## **Week 12 April 9, 2025: Financial Statement and Condition Analysis**

Learning Objectives:

- Discuss unique roles of financial accounting for not-for-profit and healthcare organizations.
- Discuss financial reporting objectives for governments.
- Analyze Form 990

Readings: Skim Chapters 11-13

Assignment #6: Analyze a Form 990 to interpret financial data to determine the strength of the organization.

## **Week 13 April 16, 2025: Internal Controls and Fraud**

Learning Objectives:

- Understand management control systems.
- Analyze and understand the separation of financial duties and its importance.
- Understand internal controls.
- Fraud and the role of independent auditors to catch it.

Assignment: Watch “*Queen and her Horses*”.

## **Week 14 April 23, 2025: No Class**

This week should be devoted to finalizing your major project.

## **Week 15, April 30, 2025: Final Examination and Major Project**

Major Project: Submission due at time of Final Exam

Final Exam: In class exam