BUDGETING AND FISCAL MANAGEMENT (SW 661)
Charlie Penner
Fall, 2003

I. COURSE OVERVIEW

Thursday, 9:00 - 12:00, 9/4 – 12/11
SSW 3816

1. Course Description

This course will present the fundamental knowledge and skills needed to develop and manage the budget of a program in a nonprofit social service organization. Students will learn to use the techniques necessary to: 1) plan, develop, display, revise, monitor, and evaluate a program budget using different kinds of budget formats (e.g. line item, functional, and performance); 2) evaluate proposed financial changes for the future, using “what-if” planning and simulations; and 3) monitor and evaluate the cost-effectiveness of a program.

Students will be expected to have mastered basic skills in a computerized spreadsheet program (MS Excel) before enrolling in this course.

2. Course Content

This course will present the basic knowledge and skills required for managing the finances of a small nonprofit agency or program. We will focus primarily on management of expenses and revenues and the types of accounting approaches and financial records used, as well as computerized accounting systems. The course will include developing and managing a fiscal year budget for a sponsored program in an agency, along with a review of relevant policies and procedures in public and nonprofit organizations. Students will learn to understand cost analysis, calculate simple unit costs, and estimate fees and sliding scale arrangements. Students will also receive an introduction to the process of financial auditing and the role of Boards of Directors and consultants in financial management, planning, and evaluation. Calculation of indirect (overhead) costs and issues of continuation funding will be discussed.

Students will learn to develop a budget using a functional budgeting approach, with attention to such concepts as Cost Centers and Responsibility Centers. Development of such a budget will include estimating costs of personnel, the major expense in human service programs. An overview of typical organizational policies and procedures guiding salaries and fringe benefits will be presented. Estimation
of costs of needed non-personnel items, their procurement and allocation among cost centers will also be reviewed.

3. Course Objectives

Upon completion of the course, students will be able to:

A. Describe and illustrate the cycle of budget development for a fiscal year (including planning, startup, execution, monitoring, and continuation funding).

B. Specify frequently found budgeting issues in the planning of personnel resources (e.g. full-time vs. part time employees, permanent and temporary employees, regular vs. contractual employees, qualifications, fringe benefits, etc.), and non-personnel resources (e.g. equipment, occupancy, supplies, etc.) in nonprofit human service organizations.

C. Estimate the needs of personnel for non-personnel resources and calculate ratios to supply adequate material support for employees in different cost centers.

D. Express in a clear, written format the justification for all proposed budget expenditures.

E. Interpret financial reports that monitor a program's expenditures, as well as the financial status of an organization (e.g. year-to-date reports, annual reports, balance sheets, etc.).

F. Critically examine the linkage between budgeting and fiscal management and other areas of an organization’s operation (e.g. fund development, program development, service delivery, program evaluation, human resources, management information systems, inter-organizational relations, etc.) with special attention to relevant social work ethics and values.

4. Course Design

This course will be conducted mainly in the classroom using lectures, case studies, small group exercises, and guest presenters to convey relevant content, and occasionally in the computer lab, where students perform exercises, and witness demonstrations of relevant computer-based applications. Students will be expected to have basic spreadsheet skills compatible with the computer programs offered at the University of Michigan (e.g. creating, inputting data, basic arithmetic functions, formatting, saving, and printing a spreadsheet file), and be able to produce a budget justification using a computer-based word processing program. The course will use Microsoft Excel for Windows as its spreadsheet program.

5. Relationship of the Course to Four Curricular Themes, and Ethics and Values

The four curricular themes are 1) Multiculturalism and Diversity, 2) Social Justice and Social Change, 3) Prevention, Promotion, Treatment, and Rehabilitation, and 4) Behavioral and Social Science Research. These themes will be addressed in the course as they relate to the planning, development, implementation, and evaluation of program budgeting and the securing of resources to meet programmatic needs. In addition to course objective #F above, students will discuss ethical issues that frequently arise in the area of budgeting and fiscal management, such as: conditions of employment and empowerment of employees and clients, collegial and inter-professional collaboration, and legal and ethical monitoring and management of financial and other resources in a human service organization.
II. Texts/Materials Required

A. Three textbooks are required for the course and should be available at most textbook stores or through the student resale book project:


   Burns, Michael E., **Budgeting Guide for Nonprofit Administrators and Volunteers.** Branford, CT: Brody-Weiser-Burns,


B. You will also need to purchase one or more 3.5-inch computer diskettes for use with the University's computers. Diskettes are available at local student bookstores.

C. A manual/guide for the MS-Excel spreadsheet program (optional).

III. How to Contact Me

As an Adjunct Professor, I will make every effort to be available to students whenever possible.

1. **E-mail:** E-mail may be the best way to contact me. Send any messages to cpenner@wccnet.org

2. **Telephone:** Students may contact me at my office (734) 547-9170 or at home (734) 769-7768. Leave a message on the voice mail or answering machine if I am not available when you call.

3. **Other Messages:** Faculty mailboxes are located around the corner from the registrar's office, near the NW entrance to SSWB. Put materials in an envelope addressed to me by name, and place in the slot of the mail room and leave a message on my answering machine that you have done so. **Do not leave any materials at my office door or leave messages on my office phone since I am seldom in the office on non-class days and it is used during the week by other adjunct professors.**

Please let me know in advance anytime you expect to miss class, or not turn in an assignment on time. Students who miss class for any reason are expected to make arrangements for making up missed content with a classmate.
IV. Course Requirements

A. Attendance / Participation: Students are expected to attend and participate in all classes. Class participation (on a pass/fail basis) will account for 20% of the student’s grade. Therefore, absences may effect a student’s grade.

B. Class Structure and Participation: Classes will begin with a lecture/discussion period in SSW 3816. After a brief mid-class break we will reconvene in SSW 3816 for more discussion, guest lectures, group or individual project work, or conclude in the Computer Classroom (Rm. B696). During the lecture/discussion period, all students will be expected to contribute to the dialogue either by raising issues from the current reading assignments or commenting on other specific issues. Students are encouraged to bring in news clippings, agency materials or other current information pertinent to this course to share with class members.

Please also review the "Multicultural Ground Rules for the Course," which are attached at the end of this course outline, as a guide for the desired classroom climate.

C. Lab Sessions and Software: In the Computer Classroom we will be using IBM personal computers and Microsoft Excel for Windows. Time spent there will be used for the demonstration of principles of budgeting using computerized spreadsheets, the discussion of issues and technical problems arising from completed assignments, and the presentation and application of technical procedures necessary for the completion of upcoming assignments.

D. Assignments

1. Five required assignments will be given. The purposes of these assignments are: (a) to orient students to the general content of the course and its relevance to social work practice, and (b) to help prepare students to begin using concepts, calculations and techniques learned through the lectures, readings and other presentations. The five required assignments are referred to as:
   
   (1) Event Budget Exercise
   (2 & 3) Text Book Exercises (two sets)
   (4) Cash Flow Exercise
   (5) Concepts and Terminology Quiz (to be given in class)

2. Mid-term assignment. This will involve the preparation of several case analyses. This assignment will be handed out as indicated in the Course Schedule.

3. Final assignment. This will be a comprehensive “real world” budgeting and financial management project.

Reading ahead is acceptable at any time, however, completion of written assignments ahead of time is not recommended. All computerized budgeting assignments must be completed using a computerized spreadsheet program.

All assignments are due at the beginning of the class period.
V. COURSE GRADING POLICY

Course requirements will be graded as follows:

1. Class participation (pass / fail) 20%

2. Homework Assignments: 25%
   (a) Event Budget
   (b) Concepts and Terminology Quiz (in class)
   (c) Cash Flow
   (d) Text Book Exercises (two sets)

3. Mid-term Project 25%

4. Final Project 30%

TOTAL 100%

Assignments must be ready for submission at the beginning of the class period. Students must contact the instructor in advance if they need to submit work later than the deadline due to illness or other emergency or uncontrollable circumstances. Grades can be reduced up to two full marks (e.g. from “A” to “C”) if they are handed in late without a justifiable reason. The instructor is not obliged to accept late work for which alternative arrangements have not been made.

Graded assignments are evaluated in terms of:

- Demonstrated understanding of course concepts and terminology.
- Coherent and ethical decision-making regarding the acquisition and use of resources to best meet program and agency goals.
- Clear and concise justifications and presentations of proposed expenditures, budget revisions, etc.
- Clear, accurate and correct numerical presentations and calculations.
- Adherence to stated constraints on allocations set forth in the text and the assignment (if applicable).

Letter grades are based on the percentage of the assignment that is complete and correct:

- A range 90 – 100%
- B range 80 – 89%
- C range 70 – 79%
- D range (no credit) 60 – 69%
- E range (no credit) <60%

(For explanations cf. Student Guide, page 14ff)
VI. Course Expectations

Students will be expected to participate in the course in a professional and considerate manner, including:

- All students are expected to attend and participate in every class.
- Classes will start promptly at 9:10 every day.
- All cell phones and pagers should be turned off or set to vibrate. Only emergency calls should be taken, and all cell phone discussions should occur outside of class.
- Food and drink are allowed in class if they do not interfere with other students’ learning experience. Please refrain from bringing loud, smelly or messy foods to class.
- Openly contribute your ideas and experiences.
- Respect the views of other participants.
- View differences of opinion as both natural and helpful.
- Ask questions when you do not understand.
- Think critically and behave constructively.
- Avoid side conversations and restrict discussion to the topic.

VII. Course Evaluations

Students will be asked to evaluate this course at the mid-term and again at the end of the course. The final evaluation will benefit future students and provide the School of Social Work with an evaluation of the course.
VIII. Multicultural Ground Rules For The Course

1. Our primary commitment is to learn - from the instructors, from each other, from materials and from our work. We acknowledge differences amongst us in skills, interests, values, scholarly orientations and experience.

2. We acknowledge that racism, sexism, and other forms of discrimination exist and are likely to surface from time to time.

3. We acknowledge that one of the meanings of racism is that we have systematically taught misinformation about our own group and especially members of devalued groups and populations of color (this is true for both dominant and dominated group members.) The same is true about sexism - we are taught misinformation about ourselves and others regarding forms of difference and discrimination.

4. We cannot be blamed for the misinformation we have heard, but we will be held responsible for repeating misinformation after we have learned otherwise.

5. Victims are not to be blamed for their oppression.

6. We will assume that people are always doing the best they can, both to learn the material and to behave in non-racist, nonsexist and multi-culturally productive ways.

7. We will actively pursue opportunities to learn about our own groups and those of others, yet not enter or invade others' privacy when unwanted.

8. We will share information about our groups with other members of the class, and we will not demean, devalue, or "put down" people for their experiences.

9. We can have an obligation to actively combat the myths and stereotypes about our own groups and other groups so that we can break down the walls which prohibit group cooperation and group gain.

10. We want to create a safe atmosphere for open discussion. Thus, at times, members of the class may wish to make a comment that they do not want repeated outside the classroom. If so, the person will preface the remarks with a request and the class will agree not to repeat the remarks.

11. In discussing financial issues of agencies, students may wish to keep names of organizations and names of staff confidential.

Adapted from guidelines initially developed by Lynn Weber Cannon, Professor of Sociology, Memphis State University, Courtesy of Professor Edith Lewis.
IX. Course Schedule – Fall, 2003

Note: Sessions may be rearranged, depending on student interest, guest lecturers, and scheduling issues.

Session 1 (9/4)
Discussion Topics: Introduction to Course
Introduction to Students
Why Financial Management is Important

Reading: Martin: Chapters 1, 2

Session 2 (9/11)
Discussion Topics: Review reading assignment
Introduction to Budgeting and Financial Management
- Concepts
- Terminology

In-class Activity: Miami Cuban-American Service Center exercises
Assignment: Bring an Annual Report to Class on 9/18
Reading: Martin: Chapters 3, 4,

Session 3 (9/18)
Assignments Due: Bring in an Annual Report

Discussion Topics: Review reading assignment
Introduction to Budgeting and Financial Management (continued)
- Concepts
- Terminology

Review and discuss Annual Reports

In-class Activity: Portland After School Program exercises
Reading: Martin: Chapters 5, 6
Assignment: Exercises 5.1, 5.2, 5.3 in Martin
### Session 4 (9/25)

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<tr>
<th>Assignments Due:</th>
<th>Martin exercises 5.1, 5.2, 5.3</th>
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| Discussion Topics: | Review reading assignments  
                        | Concepts and Terminology Quiz |
| In-class Activity: | Computer Lab – Neighborhood Child Care Budget discussion and exercise |
| Assignments: | Event Budget Assignment |
| Reading: | Martin: Chapter 7  
          | Burns: Entire book over the next two weeks |

### Session 5 (10/2) No class

### Session 6 (10/9)

<table>
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<tr>
<th>Assignment Due:</th>
<th>Event Budget</th>
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| Discussion Topics: | Course activities to date  
                        | Review Quiz and exercise assignments  
                        | Budgeting as Planning  
                        | Types of Budgets  
                        | The Budget Development Process |
| In-class Activity: | Computer Lab: Exploration of Internet resources |
| Reading: | Burns: Finish book |
| Assignments: | Distribute Mid-term assignment (due 10/23) |

### Session 7 (10/16)

| Discussion Topics: | Questions regarding Mid-term assignment  
                        | Mid-term Review  
                        | More Budgeting |
In-class Activity: TBD: Case Discussion / Guest Lecturer  
Assignments: Work on Mid-term assignment

### Session 8 (10/23)

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<th>Assignments Due:</th>
<th>Mid-term Projects</th>
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<tr>
<td>Discussion Topics:</td>
<td>Mid-term Projects</td>
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<tr>
<td>Discussion Topics:</td>
<td>Mid-term Course Evaluation</td>
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<tr>
<td>In-class Activity:</td>
<td>TBD: Case Study / Guest Lecturer</td>
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<tr>
<td>Readings:</td>
<td>Martin: Chapters 8, 10</td>
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<tr>
<td>Assignments:</td>
<td>Martin exercises 8.1, 8.2, 8.3, 10.1, 10.2, 10.3, 10.4</td>
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### Session 9 (10/30)

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<th>Assignment Due:</th>
<th>Martin exercises</th>
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| Discussion Topics: | Unit Costing  
Cost Allocation  
Cost Effectiveness  
Outcomes |
| In-class Activity: | TBD: Case Study / Guest Lecturer |
| Assignment: | Cash Flow Exercise |
| Reading: | Martin: Chapter 9 |

### Session 10 (11/6)

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<tr>
<th>Assignment Due:</th>
<th>Cash Flow Exercise</th>
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| Discussion Topics: | Cash Flow Exercise  
Costs and Cost analysis |
| In-class Activity: | TBD: Case Study / Guest Lecturer |
| Assignment: | Introduction of Final Project |
| Reading: | Martin: Chapters 13, 15 |
Session 11 (11/13)
Discussion Topics: Revenue and fund development
Audits and outside financial advisors

In-class Activity: TBD: Case Study / Guest Lecturer

Reading: Martin: Chapters 11, 12

Session 12 (11/20)
Discussion topics: Questions Regarding Final Project
Setting fees
Government contracts and grants

In-class Activity: TBD

Reading: Martin: Chapter 14
Lang: Entire book

11/27  No Class -- Thanksgiving

Session 13 (12/4)
Discussion Topics: Questions Regarding Final Project
The Role of the Nonprofit Board
Risk management
Issues and complications
Advanced Concepts
Wrap up

Course Evaluation

Session 14 (12/11) Exam Period (Final Project due. Make sure your Final Project has your student mailbox number on the front page or that you provide a self-addressed, stamped envelope)