



Course Title: Budgeting and Fiscal Management
Course Number: SW 661
Term: Fall 2018
Credit Hours: 3
Prerequisites: SW 560/permission of instructor
Instructor: Bonnie Dockham, LMSW
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Time/Place: Fridays, 2 - 5 p.m., Location TBD
Office Hours: By appointment

INTRODUCTION

Please feel free to make appointments or ask questions via e-mail. Please allow 24 hours for email responses. Emails may not be returned over the weekend. For brief questions, I will often be available during class breaks and following class.

If you have a disability or condition that may interfere with your participation in this course, please schedule a private appointment with me as soon as possible to discuss accommodations for your specific needs. This information will be kept strictly confidential. Please also contact the Services for Students with Disabilities office at G-664 Haven Hall, 734-763-3000 to coordinate reasonable accommodations for students with documented disabilities.

University of Michigan is committed to advancing the mental health and wellbeing of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. For help, contact **Counseling and Psychological Services (CAPS)** at (734) 764-8312 and <https://caps.umich.edu/> during and after hours, on weekends and holidays, or through its counselors physically located in schools on both North and Central Campus. You may also consult **University Health Service (UHS)** at (734) 764-8320 and <https://www.uhs.umich.edu/mentalhealthsvcs>, or for alcohol or drug concerns, see www.uhs.umich.edu/aodresources. For a listing of other mental health resources available on and off campus, visit: <http://umich.edu/~mhealth/>.

As an instructor, one of my responsibilities is to help create a safe learning environment on our campus. It is my goal that you feel able to share information related to your life experiences in classroom discussions, in your written work, and in our one-on-one meetings. I will seek to keep information you share private to the greatest extent possible. However, **I am required to share information regarding sexual misconduct or information about a crime that may have occurred on U-M's campus with the University.** Students may speak to someone confidentially by contacting SAPAC's Crisis Line at (734) 936-3333.

In the event of an emergency, **dial 9-1-1** from any cell phone or campus phone. All University of Michigan students, faculty and staff are required to familiarize themselves with emergency procedures and protocols for both inside and outside of the classroom. In the event

of possible building closure (i.e. severe weather conditions, public health notices, etc.) you may contact 734-764-7793 for up-to-date school closure information.

Be Prepared. Familiarize yourself with the emergency card posted next to the phone in every classroom/meeting room. Review the information on the emergency evacuation sign (located nearest the door) and locate at least (2) emergency exits nearest the classroom.

If you are concerned about your ability to exit the building in the case of an emergency, contact the **Office of Student Services** and/or email ssw-ADAcompliance@umich.edu.

For more information view the annual **Campus Safety Statement** at <http://www.dpss.umich.edu/>. Register for UM Emergency Alerts at <http://www.dpss.umich.edu/emergency-management/alert/>.

COURSE DESCRIPTION

This course will present the fundamental knowledge and skills needed to develop and manage the budget of a nonprofit social service organization and its programs. 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 budgets); 2) Evaluate past financial performance (e.g. financial statements, financial ratios); 3) Evaluate and proposed financial changes for the future, using "what-if" planning and simulations, (including cost analysis, break-even analysis, setting prices); 4) Monitor and evaluate the cost-efficiency and cost-effectiveness of a nonprofit program and a non profit organization. Students will be expected to have mastered basic skills in a computerized spreadsheet program (MS Excel) before enrolling in this course.

COURSE CONTENT

This course will present the basic knowledge and skills required for planning, managing and understanding the finances of a small nonprofit agency and its programs. The course will include exercises to develop and manage a fiscal year budget for a program in an agency, along with a review of relevant policies and procedures in public and nonprofit human services organizations. Students will learn to understand cost analysis, calculate simple unit costs, and estimate fees and sliding scale arrangements. The pros and cons of using various types of budgets (line item, functional/program, and performance) will be compared. Students will also receive an introduction to the process of overall organizational financial planning and auditing, including such topics as the role of Boards of Directors and consultants in financial management, planning, and evaluation. Calculation of indirect (overhead) costs, allocation methods, and issues of continuation funding will be discussed. Students will also learn to develop an annual 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 and allocating the costs of personnel, which is 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 their allocation among cost centers will also be reviewed. The course is organized across the semester to reflect the typical exposure and experience of social work interns. They are first introduced to the human service organization and its environment, constituents, and governance. Thereafter, they begin to learn how to plan and analyze a budget for a human services program. They then learn about "the reality" of indirect costs, and different methods of allocating them to determine the full cost of a program. Finally, they review how basic financial transactions are reported through standard accounting procedures, how revenues and expenses are monitored (e.g., monthly statements of budget variances) and how all the finances of the agency are consolidated into typical financial statements (balance sheets, statements of cash flows, and statements of functional expenses) each fiscal year. Additional topics are introduced to highlight contemporary issues affecting financial stability, such as risk management, for-profit subsidiaries, and the changing profile of compensation (salary and fringe benefits) for employees in the nonprofit sector.

COURSE OBJECTIVES

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

1. Describe and illustrate the cycle of budget development for a fiscal year (including planning, startup, execution, monitoring, and continuation funding). (Practice Behaviors 10.b.MHS, 10.c.MHS, 10.d.MHS)
2. Specify frequently found budgeting issues in the planning of: (a) personnel resources (e.g. full-time vs. part time employees, permanent and temporary employees, regular vs. contractual employees, qualifications, fringe benefits, etc.); (b) non-personnel resources (e.g. equipment, occupancy, supplies, etc.); and (c) the needs of employees personnel and non-personnel resources; calculate ratios to allocate adequate personnel and non-personnel resources for employees in different cost centers. (Practice Behaviors 4.MHS, 10.a.MHS)
3. Express in a clear, written format the justification for all proposed budget items. (Practice Behavior 10.c.MHS)
4. Develop and interpret financial reports that monitor: (a) the revenues and expenses of a human service program; and (b) the overall financial status of a human service organization (e.g. year-to-date reports, annual reports, balance sheets, etc.). (Practice Behaviors 1.MHS, 10.d.MHS)
5. Critically examine the linkage between budgeting and fiscal management and other areas of a human service organization's operation (e.g., mission, 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. (Practice Behaviors 2.MHS, 3.MHS, 5.MHS)
6. Demonstrate knowledge with standard accounting concepts, principles, and systems, and their application in human service organizations. (Practice Behavior 6.MHS)
7. Describe the different types of revenues that human service organizations use (e.g., grants, contracts, donation, fees, etc.); specifically issues reflecting (a) the strategies, choices and issues associated with each type of revenue, and (b) the cost-benefit

concerns regarding methods used to generate different types of revenue. (Practice Behavior 9.MHS)

8. Describe and apply the responsibilities of social work practitioners in effective oversight and management of human service organizational resources (e.g. management of cash, investments, endowments, and other resources). (Practice Behavior 10.c.MHS)
9. Analyze how the key diversity dimensions such as ability, age, class, color, culture, ethnicity, family structure, gender (including gender identity and gender expression), marital status, national origin, race, religion or spirituality, sex, and sexual orientation, impact practitioners' decision making. (Practice Behaviors 4.MHS, 5.MHS)

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.

Theme Relation to Social Justice and Social Change: Program examples from social justice and social change organizations and the financial management challenges they often face are discussed. Organizations that seek to redress past discrimination and oppression through community development, such as Community Financial Development Organizations, are discussed. Organizational planning, financial, and procurement policies to promote social justice and social change are discussed (such as corporate social responsibility, use of preferred vendors from minority, woman-owned and environmental sustainability enterprises).

Theme Relation to Behavioral and Social Science Current theories and conceptual models of the incorporation of agencies and the resource environment facing human service organizations and their programs are presented. Results of empirical research on the funding, budgeting, and financial management of human service and related organizations are included.

Theme Relation to SW Ethics and Values 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, conflict of interest, accountability to stakeholders, and legal and ethical monitoring and management of financial and other resources in a human service organization.

TEXT & COURSE MATERIALS

Recommended: McLaughlin, T (2009). *Streetsmart financial basics for nonprofit managers* (3rd ed). Hoboken, NJ: John Wiley & Sons, Inc.

Recommended: Dropkin, M., Halpin, J., La Touche, B. (2007). The budget-building book for nonprofits (2nd ed). San Francisco, CA: Jossey-Bass

This course draws from the two books listed above. Both are available on amazon.com. Required readings from these books, as well as other required articles and book chapters, will be copied and made available on Canvas – the University online course management system. Information and instruction on how to use this site is already provided by the university; therefore, no class time will be devoted to instruction on how to use this system.

CLASS SCHEDULE

Topics may be modified throughout the course, but ample notice will be provided. Refer to Canvas for the most updated class schedule.

- **Class 1 (9/7/18):** Welcome & Introduction
- **Class 2 (9/14/18):** Budgeting and Fiscal Management Terms
- **Class 3 (9/21/18):** Roles in Budgeting and Fiscal Management
- **Class 4 (9/28/18):** Budgeting Part 1: Overview of Budgets
- **Class 5 (10/5/18):** Budgeting Part 2: Expenses
- **Class 6 (10/12/18):** Budgeting Part 3: Income and Fundraising
- **Class 7 (10/19/18):** Understanding Your Financial Position Part 1: Statement of Financial Position **Tracking Personal Finances Assignment Due (2 p.m.)**
- **Class 8 (10/26/18):** Understanding Your Financial Position Part 2: Audits, 990s
- **Class 9 (11/2/18):** Budget Practice
- **Class 10 (11/9/18):** Strategic Planning
- **Class 11 (11/16/18):** Human Resources
- **NO CLASS 11/23/18 – THANKSGIVING BREAK**
- **Class 12 (11/30/18):** Risk Management **Budget Assignment due (2 p.m.)**
- **Class 13 (12/7/18):** Debt, Investing and Exam Review
- **Class 14 (12/14/18):** Final Exam

Readings for each topic are listed on the “Assignments” link on Canvas, in the “Readings” section, by date. Readings may be changed by the instructor up to two weeks before they are due. Students are expected to have completed all assigned readings prior to class, as these will serve as the basis for class discussion, activities, assignments, quizzes and examinations.

ASSIGNMENTS

Assignment #1: Tracking Personal Finances

Due: 10/19/18 by 2 p.m.

One way to gain the most accurate projection of future costs is to fully understand past and current spending behavior. Organizations, like individuals, often spend money that we don't fully consider. Social impact, and in particular nonprofit organizations, have an even higher level of

responsibility because we are spending community dollars. The expectation of donors is that the money is being spent judiciously.

In this assignment you will monitor your own spending behavior. You will:

1. **Track** all of your personal expenditures for a period of four (4) weeks. You can track using an app or website like Mint, or you can develop a simple Excel spreadsheet. You must track everything. No cup of coffee, trip to the grocery store or night out can be left off of the tracking sheet. Use information we are learning in class to help you craft budget account categories. For example, your night out doesn't need to be tracked as drinks, food, movie, etc. Rather, you may categorize this all as "Entertainment." Note: this method should help with items too personal to disclose. In the event that you cannot think of a broad category that provides you with the level of privacy you desire, please use a category called "Miscellaneous."
2. **Submit a summary of the results** (3 page maximum, single spaced). You are expected to use a level of critical analysis and professional writing that reflects your standing as a graduate student. Your summary should:
 - a. Reflect on what was surprising about the results. If nothing was surprising, why do you think that is?
 - b. Consider how you can use the data to make decisions about your personal finances going forward. How might life circumstances change behavior over time? Might the process of tracking lead to a behavior change? Do you think you will continue tracking? Why or why not?
 - c. Reflect on how this assignment relates to work at a social impact organization. Are there parallels? If so, what are they? Might your behavior within a social impact organization be impacted by anything you learned in this assignment?While there is no minimum length for this assignment, it does need to be long enough to thoroughly cover all items included here.
3. **Submit your data** in an Excel format. It is advisable to use a tracking vehicle that can be easily downloaded into Excel (or as a CSV file and then converted to Excel).

Your assignment grade (15% of the final course grade) will be based on the following rubric.

Quality and content	5%
Followed assignment directions	5%
Clarity, grammar, editing and writing	5%

Assignment #2: Develop a Budget

Due: 11/30/18 by 2 p.m.

This is a group assignment. Groups should include 3-4 people. Your group will develop a comprehensive budget based on one of the following:

- A new student group that you believe should exist on campus, OR

- A new program that you believe should exist at your field placement, internship site or place of employment.

This assignment has three parts:

1. **Describe your effort in detail** (3 page maximum, single spaced). Be sure to consider initial startup and ongoing efforts. You are expected to use a level of critical analysis and professional writing that reflects your standing as a graduate student. This part should include:
 - a. What is the purpose of the group or program and who will be served?
 - b. Who (function, not name) will be involved with that group, program or program? How much time will it take each person? Will s/he be paid or volunteer?
 - c. What resources, supplies, equipment etc. are needed?
 - d. What training will be required?
 - e. Where will your money come from? Will people pay to be involved (ie, fees for services, membership fees)? What makes you think this is reasonable?

It should be clear to the reader how the program you are describing ties into the budget that will follow. While there is no minimum length for this section of the assignment, it does need to be long enough to thoroughly cover all items included here.

Please Note: I understand that you may want to gather information from organizations or campus units. Please be mindful that people are very busy. I ask that you keep your requests of other professionals reasonable with appropriate lead time.

2. **Develop a 3-year budget** (2 page maximum). Develop a 3-year budget projection for your new group or program. You will include a justification section as appropriate. Your budget should include all revenues and expenses, plus net revenue for each year. You will combine what you are learning in class with some outside the classroom effort to estimate expenses and revenue. This should be in excel format.
3. **Self and Peer Evaluation.** Along with your assignment, you are required to turn in both a self and a peer evaluation. They should be turned in by each group member and will not be shared.

Self-Evaluation (*Suggested length: 1 page*)

Describe your participation in the project. Discuss and evaluate, in specific and concrete detail, the contributions you made to your group's assignment. Describe the things you did well, and also describe the areas in which you could have done better. At the conclusion of your self-evaluation, give yourself a grade (1-4) on your participation in this project, using the following guidelines:

- 1 = Extraordinary; far exceeded the basic requirements for group work
- 2 = Very good work; generally exceeded the basic requirements
- 3 = Met the basic requirements for group work
- 4 = Fell below the basic requirements for group work

Peer Evaluation

Write the name of each member of your project group, and beneath each person's name, provide 2-3 sentences describing their participation in and contributions to the project. Provide each person a grade using the above criteria.

Your assignment grade (25% of the final course grade) will be based on the following rubric.

Quality and content	10%
Followed assignment directions	5%
Clarity, grammar, editing and writing	5%
Self and Peer-Evaluation	5%

IN-CLASS ASSIGNMENTS & CLASS PARTICIPATION

Assignments and activities will be given throughout the class. Class time will be given for their completion, although it may be necessary for some time to be spent on these assignments outside of class. It is expected that students participate actively and equally in class discussion (both large and small group), class assignments and group discussions. This participation and in-class assignment section represents a large portion of the total grade.

Class participation is more than mere attendance. It is arriving on time, reading the assigned material, preparing for class with questions, contributing appropriately to class discussions (taking space/giving space, attending to others, adding relevant material; not surfing the web or texting), doing assignments, and participating in class activities and group activities. Even if you tend to be quiet, I look for your engagement with others and during lecture, discussions, and activities.

The class participation grade is a subjective grade – I will use this matrix to determine the class participation grade:

(0 – 5) Poor Participation	Does not attend in-person class sessions or is frequently late No effort, disruptive, and disrespectful Does not show evidence of class preparation Does not participate in class discussions Uses harmful language in class and does not respect other students' identities
(6 - 9) Marginal Participation	Does not attend several in-person class sessions or is frequently late Little effort, texting or web surfing (irrelevant to course) Shows little evidence of class preparation Demonstrates infrequent involvement in class or class discussions Rarely participates in class discussions Uses harmful language at times in class and sometimes does not respect other students' identities
(10 - 12) Moderate Participation	Frequently late to in-person class session Moderate effort, texting or web surfing on occasion (irrelevant to course) Knows basic case or reading facts, but does not show evidence of trying to interpret or analyze them

	<p>Rarely offers to contribute to discussion (both online and in the classroom), but contributes to a moderate degree when called on May seem occasionally distracted or uninterested Uses inclusive language at times and respects other students' identities to an extent</p>
(13 - 14) Strong Participation	<p>Rarely late and no in-person class absences Engaged only in classroom activities while in the class Has clearly read and asks pertinent questions about course material Offers interpretations or analysis of course material (more than just facts) to class Contributes well to discussion in an ongoing way: responds to other students' points, thinks through own points, questions others in a constructive way, offers and supports suggestions that may be counter to the majority opinion Demonstrates consistent ongoing involvement by active visual and /or verbal engagement Uses inclusive language in class and respects other students' identities</p>
(15) Excellent Participation	<p>On time and no absences Engaged only in classroom activities while in the class Has analyzed course material exceptionally well, relating it to readings and other material (e.g., readings, course material, discussions, experiences, etc.) Participates actively and equally during in-class discussions, class assignments, and group activities Contributes in a very significant way to ongoing discussion: keeps discussion focused, responds very thoughtfully to other students' comments, contributes to the cooperative dialogue-building, suggest alternative ways of approaching material Demonstrates ongoing active involvement and active visual and/or verbal engagement Always uses inclusive language in class and respects other students' identities</p>

EVALUATION

The following scale will be used in assessing your final grade:

Item	% of Total Grade
Quizzes*	15
Class Participation & In Class Assignments	15
Assignment #1: Personal Finances	15
Assignment #2: Budget Development	25
Final Examination	30
Total	100

* Quizzes will be based on the assigned readings and given at unannounced times. Five (5) quizzes will be given, the lowest one (1) grade will be dropped. Quizzes cannot be made up. Missed quizzes will be awarded a grade of 0.

Final grades will be determined on the basis of performance. Letter grades will be allocated as follows:

99-100 = A+	77-79 = C+
94-98 = A	73-76 = C
90-93 = A-	70-72 = C-
87-89 = B+	67-69 = D+
83-86 = B	63-66 = D
80-82 = B-	60-62 = D-

ATTENDANCE POLICY

Students are able to miss two classes for any reason (e.g., personal, sick, religious holidays). There is no need to email the instructor with your reason for missing the class(es). Students who miss three classes will receive a full letter grade reduction. Four or more missed classes may result in a non-passing grade. Students who will miss more than two classes due to religious observances must make arrangements with the instructor at the beginning of the course to avoid a grade penalization. **Please note that the student is responsible for all of the content missed during your absences. There will be no opportunity for in class assignments or quizzes to be made up.**

PLAGIARISM & ACADEMIC MISCONDUCT

Academic integrity is taken extremely seriously in the School of Social Work, as well as the academic community and the University of Michigan at large. Plagiarism, **like other forms of cheating and misconduct**, is taken very seriously at the University of Michigan and is grounds for expulsion from the University. Plagiarism is representing someone else's ideas, words, statements or works as one's own without proper acknowledgment or citation. Examples of plagiarism include, but are not limited to; using or otherwise taking credit for someone else's work or ideas, using the language of another without full and proper quotation or source citation, implicitly presenting the appropriated words or ideas of another as one's own, using Internet source material, in whole or in part, without careful and specific reference to the source, borrowing facts, statistics, or other illustrative material without proper reference and lastly self-plagiarism, that is, reusing one's own work without acknowledgment that the text appears elsewhere (e.g. in a paper for another current or previous class). It is your responsibility to familiarize yourself with the information and other resources regarding expected academic conduct presented at: <http://www.lib.umich.edu/academic-integrity/resources-students>.