Course Objective: The course objective is to develop each student's understanding of cost issues for government and nonprofit organizations. This course will focus on issues of management-control systems, cost measurement, and cost analysis for decision making. Examples of the topics being used in the class include cost system analysis to make decisions, product costing, cost allocation procedures, marginal cost pricing, and activity based management cost allocation systems. The course will use problems and case studies to illustrate the key elements of cost analysis.

Course Details: A key portion of the class will relate to quantification of cost issues. Excel models will be used in the class to demonstrate how cost models can be used to make decisions. The cost transactions will be explored in class using a financial lab setting. The labs are the basis for the two required examinations. Some class sessions will be held in Draper 015 which is a computer lab room. The two class exams will also be held in Draper 015. An option is to have all students bring a computer to class.

Additional readings and quantitative issues may be required during the course at the instructor's discretion. The instructor reserves the right to modify the course topic schedule in keeping with the pace of the class. However, regardless of any changes made by the instructor in the schedule of topics, all reading and written assignments will be due on the dates indicated on this syllabus unless otherwise indicated in writing from the instructor.

Grading: Exam #1 (30%), Exam #2 (40%), four homework assignments(15%), MCAC case study class presentations(15%). Students are expected to attend all
class sessions and to contribute to class discussions. Students are expected to regularly make an informed and productive contribution to class discussions. Your participation should demonstrate a critical understanding of all assigned readings. Exams #1 (Oct. 13, 2014) and #2 (Dec. 8, 2014) will be two hours in length and will focus in on cost problems using Excel. You may bring your two text books (Finkler and GFOA) to the exam. With the exception of Excel and the use of a hand held calculator, no other computer programs/devices can be used during the exam.

Homework assignments will include quantitative exercises demonstrating various cost issues. The assignments will be handed out before they are due and will reflect issues we have covered in the class readings. The assignments must use the concepts studied in the class and must be of professional quality similar to a cost study that may be presented in a government or a nonprofit organization. There is a limit of 20 pages of double spaced written materials plus Excel based charts that may be added as exhibits and appendices. Assignments will be due at the beginning of each class session on the date it is due. Assignments submitted late will be subject to a markdown penalty with the highest grade to be achieved being no higher than a B+.

Homework Assignment Schedule:

#1 Sep. 8. Individual assignment. Review the seven documents for the Metropolitan Center for Animal Care (MCAC) case and develop a matrix showing that there is cost control between the Excel spreadsheet and all memos and other documents presented for the case. The purpose of this analysis is to ensure that the numbers presented are accurate and to show where they came from. Specific page numbers must be used for all references in the analysis. (1 point).

#2 Sep. 29 (4 points).

#3 Oct. 27 (5 points).

#4 Nov. 17 (5 points).

The Metropolitan Center for Animal Care (MCAC) Case Study Grading 15%:

Appendix 1 contains detailed information for the MCAC case study. Three Teams will be formed in the class session held on August 25th. Appendix 1 shows the due dates for the three class presentations needed to complete the case study.

Books and Course Materials (Books Available at Mary Jane Books):

Michel, R. Gregory. Cost Analysis and Activity-Based Costing for Governments. Government Finance Officers Association (GFOA) publication. (Referred to as GFOA on the session schedule).

UAlbany Blackboard will have additional documents. Additional documents will be added as we proceed through the course.

COURSE SESSIONS:


- Supplemental Materials on Blackboard: PAD 631 Class 1 Cost Management Introduction explaining accounting issues; PAD 631 Class 1 Program Budget; PAD 631 Class 1 Case Analysis.

No Class Sep. 1.

#2 Mon. Sep. 8: Finkler Chapter 1 Introduction to Cost Accounting and Chapter 2 Cost Definitions; GFOA Chapter 1 Introduction and Chapter 2 Cost Concepts. Homework #1 due (1 point).

- Review of presentation of Albany County Comptroller Michael Connors regarding the Albany County Health Care Facility. Discussion questions: What are the key cost elements in the readings for this week and how do they apply to the Albany County cost study?

- Finkler Chapter 1 Exercises 1-10 on pages 10-11.

- Finkler Chapter 2 Exercises 1-7 on page 31; Problem 1 on pages 31-32.

#3 Mon. Sep. 15: Finkler Chapter 3 Product Costing, GFOA Appendix F illustrating specific cost items in detail.

- Shared services agreement proposals from the New York State Financial Restructuring Board for the City of Fulton, New York, and the Town of Fishkill. Discussion question: What are the cost issues that should be developed in a work plan to examining shared services agreements for the local governments involved?

- Office of the New York State Comptroller material at osc.state.ny.us

- Finkler Chapter 3 Exercises 1-6 on page 47; Problems 1-3 and Excel problem 1 page 48.

- Supplemental Materials on Blackboard: PAD 631 Class 3 Finkler Microcosting; PAD 631 Class 3 Job Order Costing; PAD 631 Class 3 Jefferson Case Study.

#4 Mon. Sep. 22: Finkler Chapter 4 Cost Allocation; GFOA Chapter 3 on Cost Allocation. Work Plan and class presentation (20 minutes each) for MCAC case.

- Finkler Chapter 4 Exercises 1-8 on page 79; Problems 1-7 on pages 80-81 and Excel problem on page 81.

- Supplemental Materials on Blackboard: PAD 631 Class 4 Belmont Case Study; PAD 631 Class 4 Breakeven Analysis; PAD 631 Class 4 Museum Cost Case Study; PAD 631 Class 4 Cost Accounting Analysis.

#5 Mon. Sep. 29: Finkler Chapter 5 on Cost for Non Routine Decisions and Chapter 6 Cost Volume Profit Analysis; GFOA Chapter 4 on Cost Behavior. Homework Assignment #2 due (4 points).

- Finkler Chapter 5 Exercises 1-4 on page 94; Problems 1-3 on page 95; Excel problem on pages 95-96.
• Finkler Chapter 6 Exercises 1-7 on page 113; Problems 1-4 on pages 114-115; Excel problem on pages 115-116.

• Supplemental Materials on Blackboard: PAD 631 Class 5 Mossy Case Study; PAD 631 Class 5 Mossy Discussion Guide.

#6 Mon. Oct. 6: Finkler Chapter 18 on Activity Based Costing, GFOA Chapter 12 on Activity Based Costing.

• Finkler Chapter 18 Exercises 1-7 on page 393; Problems 1-2 on pages 393-394.
• Supplemental Materials on Blackboard: PAD 631 Class 6 Metro Case; PAD 631 Class 6 ABC & ABM document; PAD 631 Class 6 Iowa Activities Based Costing document.

#7 Mon. Oct. 13: Exam #1 in Excel and Word, 30% of grade. Two hours in length and you may bring your text books (Finkler and GFOA) to act as references.

#8 Mon. Oct. 20. Finkler Chapter 7 on Predicting Future Costs and GFOA Chapter 5 on Time and Cost.

• Finkler Chapter 7 Problems 1-3 on page 156; Excel problem on pages 156-157.

#9 Mon. Oct. 27: Finkler Chapter 9 on Flexible Budgeting and Variance Analysis. GFOA Chapter 6 on Measuring and Improving Efficiency and Chapter 7 on Setting Fees and Charges. Homework Assignment #3 due (5 points).

• Finkler Chapter 9 Problems 1-3 on pages 226-227; Excel Problems 1-2 page 227.

#10 Mon. Nov. 3: Finkler Chapter 11 on Cost Accounting Ratios and Chapter 12 Measuring Productivity; GFOA Chapter 8 on Make Versus-buy Decisions and Chapter 9 on Changing the Level of Service.

• Finkler Chapter 11 Exercises 1-4 on page 262; Problems 1-3 on page 263.

#11 Mon. Nov. 10: Finkler Chapter 13 on Inventory Methods. MCAC preliminary presentations (30 minutes each).

• Finkler Chapter 13 Problems 1-3 on page 304; Excel problem on page
#12 Mon. Nov. 17: Finkler Chapter 14 on Dealing With Uncertainty. Homework #4 due (5 points).

- Finkler Chapter 14 Exercises 1-12 on page 332; Problems 1-3 on page 332; Excel problem on pages 332-333.

#13 Mon. Nov. 24: In Class Team Based Presentations and Final Reports for MCAC study.


- Finkler Chapter 17 Exercises 1-5 on page 373.
- Finkler Chapter 19 Exercises 1-5 on page 420; Problems 1-2 on page 421.

#15: Mon. Dec. 8: Exam #2 (40% of Grade.)
THE MCAC CASE: The Metropolitan Center for Animal Care (MCAC) case involves preparing the materials you feel the Director of the center will need for upcoming contract negotiations with the city. The baseline expense budget for the organization amounts to $9,669,998 and is composed of 10 departments. Cost and volume activity and other information are provided in the case study documents. Also, the issue of potential budget cuts is discussed in the documents.

Teams for the exercise will be organized in the class held on August 25th. All Team members are expected to participate in the case study and will receive a mark based on the team performance. If a Team member does not adequately participate in the Team activities, a separate grade may be developed for that Team member. The following documents are currently located on Blackboard:

1. PAD 631 MCAC Document 1 which outlines some case issues.

2. PAD 631 MCAC Document 2 which is a briefing memo on the project.

3. PAD 631 MCAC Document 3 which contains information on the departments.

4. PAD 631 MCAC Document 4 which contains volume information for the organization.

5. PAD 631 MCAC Document 5 containing sources of revenues.
6. PAD 631 MCAC Document 6 which contains activity information.

7. PAD 631 MCAC Document 7 which has Excel based information.

There are approximately 69 pages of information in the documents that outline costs and issues related to the case. Homework assignment 1 is due on September 8 but is not part of the grading for the MCAC study. A separate grade will be developed for each member of the class. This homework assignment is designed to have every student become familiar with the MCAC case early in the class. Students are encouraged to consider every week how cost accounting issues being studied in the class can be used for the team exercise.

MCAC Cost Accounting Specific Tasks

The goal of the project is to have the Teams develop a number of sets of Activity Statements for specific cost centers similar to the statement shown on page 2 of the PAD 631 MCAC document on Blackboard. Grading (15% of final class mark) for the Team exercise will be determined for the following tasks:

1. Develop a detailed cost accounting work plan to be presented in the class on September 22, 2014. You may use more than one cost center in the cost accounting work plan.

2. For each cost center that the Team recommends present a new Activities Statement and make sure that the cost center Activities Statements add up to the aggregate of the entire organization for accounting control purposes.

3. The Activities Statements for the cost centers should use cost accounting tools presented in the class. Examples of the tools include cost allocations, activity based costing, volume analysis, marginal cost and revenue analysis, statistical analysis, and any other methodology used in the class. This is an open ended task, and the best presentations will use many of the concepts presented in the
class. It is optimal if Team members consider the tools examined weekly in the class to determine how they may be reflected in the final Team report.

4. The use of sensitivity analysis or multiple scenario analysis for the various cost center Activity Statements will be considered in the Team grade for the project.

5. Cost and revenue analysis, including the development of cost allocations, and proposed user fee charges will be another key factor used to develop the Team grade.

6. Subsidiary schedules showing how the final Activity Statements were derived from the data contained on Blackboard must be presented.

7. The Team must present the following deliverables in class on the dates shown below:

   A) The cost accounting detailed work plan on September 22, 2014.

   B) Preliminary analysis of the cost centers in the class held on November 10, 2014.

   C) The final report on the cost centers must be presented in the class held on November 24, 2014. The report must be in the form of a professional accounting report. The narrative associated with the program is limited to 50 pages in length double spaced. An additional 50 pages of charts or graphs etc. may also be included. If a Team wishes to provide more than 50 pages of charts and graphs, they must obtain permission from the Instructor. Specific recommendations (numbered) must be included in the final report for use by management.

Additional MCAC Considerations:

1) Costs must be assigned using Activity-Based-Costing in at least one of the scenarios developed. Finkler Chapter 18 and GFOA Chapter 12 focus on activity based costing techniques. You may use statistical techniques as part of the solution.

2) The Team assignment is to produce the information that MCAC’s management will need to conduct a successful fee negotiation with the city. At the very least, your written report and presentation should
include: (i) identification of the sources of revenue for the cost centers developed for the MCAC, (ii) identification of direct and indirect or allocated costs in your cost base; (iii) a discussion of the allocation bases (drivers) that you decided to use to allocate any costs, (iv) a discussion of the strengths and weaknesses of the cost system as it is presented in the case, (v) estimates of the marginal revenue, marginal cost and marginal contribution for your activity, (vi) the implications of your cost findings for the operation of the organization and MCAC’s upcoming negotiations with the city, and (vii) your recommendations for what needs to be done to develop a practical and cost-effective system that MCAC can use on a day-to-day basis. However, that information may not be enough to support successful negotiations. It is up to you to expand on this list and make sure that the information you provide will help management meet its broader goals. This is not just a cost estimation exercise. It is a management exercise. My hint to you is to “think marginally.” Specific recommendations should be developed as part of this assignment.

3) The MCAC case represents 15% of your total course grade. You will make three presentations as outlined above. Remember, your goal is to prepare the Center’s director for the upcoming negotiations. Also, expect questions about how you would change the way the center operates if funds were cut. It is important to consider multiple scenarios. The Team final reports and recommendations should present information that the Center Director can use in upcoming negotiations and help the Director to prepare for a future with fewer resources.
Appendix 2

PAD 631 Grading Activity Schedule Fall 2014

- Sep. 8 Homework Assignment 1. (1% of Grade).
- Sep. 22 MCAC Work Plan Team Presentations (20 minutes each).
- Sep. 29 Homework Assignment 2 (4% of Grade).
- Oct. 13 Exam #1 (30% of Grade).
- Oct. 27 Homework Assignment 3 (5% of Grade).
- Nov. 10 MCAC Team Preliminary Presentations (30 minutes each).
- Nov. 17 Homework Assignment 4 (5% of Grade).
- Nov. 24 MCAC Team Final Presentations (Up to 60 minutes each) and final written report to be submitted to the Instructor. (Project amounts to 15% of Grade for all three MCAC presentations)
- Dec. 8 Exam #2 (40% of Grade).