Course Description:

The intent of this course is to provide students with an understanding of the fundamental concepts of fiscal planning at the state and local levels of government. State and local governments are continuously debating and implementing new policy surrounding finance and the complex emerging financial issues are critical for planners to understand. The course addresses both the theory and methods of state and local finance, but most importantly, it is a course focused on state and local fiscal policy (with some discussion of federal policy). Beyond general concepts including taxation, spending, intergovernmental cooperation, debt financing, development fees and privatization, we will address the following types of policy questions. The course will provide you with a framework to analyze them:

How do local tax and spending decisions affect patterns of land use?
What are the equity and efficiency implications of recent proposals to reform state and federal tax policy?
With which revenues should local services be provided or does it matter?
What goals should be achieved through a comprehensive state or local revenue generating policy?
What are the impacts of efforts of numerous governments to privatize local services?
How successful are recent efforts to increase equity in school finance?
How can tax policy be used to provide incentives to preserve farmland and open space?
What financial tools are available to spur local economic development? Do they work?

Course Objectives:

Course objectives include the following:

• To enhance your skills in using a variety of perspectives from which to understand state and local government finance issues.

• To improve your understanding of the links between planning and public finance.

• To build capacity to perform financial analyses.

• To enhance writing and presentation skills.
Course Requirements:

The main class format will be lecture/discussion. All required readings will be posted to Compass (or website addresses provided to you). Additional recommended readings will also be posted. Participation and involvement is crucial for the success of the sessions. Consistent attendance is required. All assignments are due during class time on the due date. Late assignments will be graded down one letter grade for each day they are late, unless we have discussed an extension due to unforeseen circumstances. Assignments turned in on the day they are due, but after class time will lose ½ a letter grade.

You will be graded on the following:

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<tbody>
<tr>
<td>Exam 1</td>
<td>15%</td>
<td>Exam 2</td>
<td>20%</td>
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<tr>
<td>Policy Memo</td>
<td>15%</td>
<td>FIA Memo</td>
<td>15%</td>
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<tr>
<td>Municipal Analysis</td>
<td>20%</td>
<td>Participation/Team Debates</td>
<td>15%</td>
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Issues of state and local finance are matters of continuing debate. Students are encouraged to look for articles on recent developments in state and local finance in Illinois and other parts of the country and the world in the popular media (newspapers, magazines) and bring them to class (or email me the link before class). At the beginning of class on every Thursday, we will discuss any articles you have collected. Every student should bring in at least one article for discussion during the course of the semester. This will count as part of your class participation grade.

Transformation of numerical grade to letter grade will be according to the schedule below:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Score</th>
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<tbody>
<tr>
<td>A</td>
<td>93-100</td>
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<td>A-</td>
<td>90-92.9</td>
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<td>B+</td>
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<td>B</td>
<td>83-86.9</td>
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<td>B-</td>
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<td>C</td>
<td>73-76.9</td>
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<td>C-</td>
<td>70-72.9</td>
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<td>D+</td>
<td>67-69.9</td>
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<td>D</td>
<td>60-66.9</td>
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The general grading rubric for assignments is as follows:

An “A” assignment demonstrates original thought and synthesis of ideas and sophisticated, cogent analysis. It is clearly written and presented.

A “B” assignment includes above average analysis with appropriate evidence to support ideas. It is clearly written and presented.

A “C” assignment shows a basic level of understanding, with analysis limited to obvious arguments. Writing is competent. It is adequate work.

A “D” assignment misunderstands or misrepresents the material or is so poorly written that it obscures the analysis. It is inadequate work.
Course Policies:

**Student Conduct:** The Department of Urban and Regional Planning (DURP) is committed to creating an environment of inclusion and opportunity that is rooted in the very goals and responsibilities of practicing planners. Conduct that interferes with the rights of another or creates an atmosphere of intimidation or disrespect is inconsistent with the environment of learning and cooperation that the program requires. By enrolling in class in the Department of Urban and Regional Planning, students agree to be responsible for maintaining a respectful environment in all DURP activities, including classes, projects, and extracurricular programs. We will be governed by the University Student Code. See Student Code Article 1—Student Rights and Responsibilities, Part 1. Student Rights.

**Academic Integrity:** The UIUC Student Code requires all students to support academic integrity and abide by its provisions, which prohibit cheating, fabrication, plagiarism, and facilitation of these and related infractions. According to Section § 1-401, “students have been given notice of this rule by virtue of its publication” and “regardless of whether a student has actually read this rule, a student is charged with knowledge of it. Ignorance is not a defense.” The provisions of the Student Code are applicable to this course. *In written work, all ideas (as well as data or other information) that are not your own must be cited. Plagiarism is an extremely serious offense and will not be tolerated, as it violates the trust between students and faculty. Violation of any plagiarism guidelines will be taken quite seriously and will result in a failing grade at the very least.*

**Cell phone and laptop use:** The use of cell phones, smart phones, or other mobile communication devices is disruptive, and is therefore prohibited during class. You may use your laptops for note-taking and class-related activities only, but lap-tops are also prohibited during class when we have guest speakers.

**Student Resources:**

**Disability Resources and Educational Services** ([http://disability.illinois.edu/academic-support](http://disability.illinois.edu/academic-support))

This course will accommodate students with documented disabilities. Please refer to the above website for more information on accommodations and inform the instructor of any requests at the beginning of the semester. DRES works with students who may need assistance or services due to having a learning disability, autism spectrum disorder, psychiatric condition, and/or ADHD and offers more complex support services in addition to academic accommodations, assistive technology, and access.

**Student Assistance Center** ([http://odos.illinois.edu/community-of-care/student-assistance-center/](http://odos.illinois.edu/community-of-care/student-assistance-center/))

The Student Assistance Center serves as the first point of contact for students who call, email, or walk in to the Office of the Dean of Students. The Assistant Deans help students understand university policies and procedures, educate them about and connect them to campus resources, and support students in crisis. Students visit the Student Assistance Center regarding a broad range of issues which may be impacting their academic performance including those related to health/mental health, course attendance issues, questions about where to go on campus to seek different services, options for withdrawing from the university, or because they need help and just aren’t sure where to go. The Student Assistance Center helps students find their way!
## Summary Schedule of Sessions:

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Day</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Aug 28</td>
<td>T</td>
<td>Course Introduction</td>
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<tr>
<td>1</td>
<td>Aug 30</td>
<td>TH</td>
<td>Fiscal Federalism and Government Structure: Trends and Issues</td>
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<tr>
<td>2</td>
<td>Sep 4</td>
<td>T</td>
<td>Major Revenue Sources</td>
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<tr>
<td>2</td>
<td>Sep 6</td>
<td>TH</td>
<td><strong>Team Debates</strong></td>
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<tr>
<td>3</td>
<td>Sep 11</td>
<td>T</td>
<td>Municipal Budgeting Process</td>
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<td>3</td>
<td>Sep 13</td>
<td>TH</td>
<td>Revenue Policy and Evaluation of Revenue Sources</td>
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<tr>
<td>4</td>
<td>Sep 18</td>
<td>T</td>
<td>The Property Tax: Mechanics and Issues</td>
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<tr>
<td>4</td>
<td>Sep 20</td>
<td>TH</td>
<td>The Property Tax: Mechanics and Issues</td>
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<td>5</td>
<td>Sep 25</td>
<td>T</td>
<td><strong>Team Debates</strong></td>
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<td>5</td>
<td>Sep 27</td>
<td>TH</td>
<td>APA Illinois Annual Conference</td>
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<td>6</td>
<td>Oct 2</td>
<td>T</td>
<td>Tax Increment Finance-Guest Speaker: T J Blakeman, City of Champaign</td>
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<tr>
<td>6</td>
<td>Oct 4</td>
<td>TH</td>
<td>Local strategies for economic development-Guest Speaker, Matt Wetli, Development Strategies:</td>
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<td>7</td>
<td>Oct 9</td>
<td>T</td>
<td>Education Finance</td>
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<td>7</td>
<td>Oct 11</td>
<td>TH</td>
<td><strong>Exam 1 Due</strong></td>
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<td>8</td>
<td>Oct 16</td>
<td>T</td>
<td>Fiscal Impact Analysis</td>
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<td>8</td>
<td>Oct 18</td>
<td>TH</td>
<td>Attracting Local Investment-The Case of Urbana-Guest Speaker, Brandon Boys, City of Urbana</td>
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<tr>
<td>9</td>
<td>Oct 23</td>
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<td>Case Studies: Champaign Library Fee; Fire Protection Fees</td>
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<td>9</td>
<td>Oct 26</td>
<td>TH</td>
<td>Work Session: Municipal Analysis</td>
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<td>10</td>
<td>Oct 30</td>
<td>T</td>
<td>Attracting Private Investment: BIDs: <strong>FIA Memo Due</strong></td>
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<td>10</td>
<td>Nov 1</td>
<td>TH</td>
<td>Attracting Private Investment: PPPs-Guest Speaker, Laura Frerichs, UIUC Research Park</td>
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<td>11</td>
<td>Nov 6</td>
<td>T</td>
<td>Tax Exemption for Charitable Purposes</td>
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<td>11</td>
<td>Nov 8</td>
<td>TH</td>
<td>Fiscal Stress: The Case of California and San Bernardino: <strong>Policy Memo Due</strong></td>
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<tr>
<td>12</td>
<td>Nov 13</td>
<td>T</td>
<td>State and Local Infrastructure+ Debt Management</td>
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<td>12</td>
<td>Nov 15</td>
<td>TH</td>
<td>State and Local Privatization</td>
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<td>13</td>
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<td><strong>FALL BREAK</strong></td>
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<tr>
<td>14</td>
<td>Nov 27</td>
<td>T</td>
<td>Group presentations</td>
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<tr>
<td>14</td>
<td>Nov 29</td>
<td>TH</td>
<td>Group presentations: <strong>Municipal Analysis Due</strong></td>
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<tr>
<td>15</td>
<td>Dec 4</td>
<td>T</td>
<td>Preserving Farms and Open Space</td>
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<td>15</td>
<td>Dec 6</td>
<td>TH</td>
<td>Attracting Private Investment: Business Incentives</td>
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<tr>
<td>16</td>
<td>Dec 11</td>
<td>T</td>
<td>Course Wrap Up: <strong>Exam 2 Due</strong></td>
</tr>
</tbody>
</table>
Required and Optional Readings

**Week 1**  
**Fiscal Federalism and Government Structure**


Glaeser, Edward L. 2012. *Urban Public Finance*. National Bureau of Economic Research Working Paper 18244, July. (This is an excellent and comprehensive paper that covers many themes of the class, so please revisit it over the course of the semester)

Optional Readings:  


**Week 2**  
**Major Revenue Sources**

Review the City of Urbana’s Budget and its major revenue sources:  


**Week 3**  
**Municipal Budgeting**


**Revenue Policy**

**Week 4**

**The Property Tax: Mechanics and Issues**


Optional Readings:


**Week 5**

**Team Debates**

**Week 6**

**Tax Increment Finance**

Rob Kerth (Frontier Group) and Phineas Baxandall, Ph.D., (U.S. PIRG Education Fund) *Tax-Increment Financing The Need for Increased Transparency and Accountability in Local Economic Development Subsidies*. Fall 2011.

Optional Reading:

Guest Speakers: TJ Blakeman, Senior Planner, City of Champaign
Matt Wetli, Development Strategies

**Week 7**

**Education Finance**


Optional Reading:
**Week 8**  
**Fiscal Impact Analysis**  


Optional Reading:  

Guest Speaker: Brandon Boys, Economic Development Manager, City of Urbana

**Week 9**  
**Case Study Exercises**

**Week 10**  
**Business Improvement Districts**  


**Public Private Partnerships**  

Optional Reading:  

Guest Speaker, Laura Frerichs, Director, UIUC Research Park

**Week 11**  
**Tax Exemption for Charitable Purposes**  

**Fiscal Stress: The Case of California**  
Week 12

**Financing Infrastructure**


**State and Local Privatization**


Week 13

**Fall Break**

Week 14

**Group Presentations: Municipal Analysis**

Week 15

**Financing the Preservation of Farmland and Open Space**


**Attracting Investment: Business Incentives**