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 undergoing change with respect to taxation and spending, and the significant 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. 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:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Exam 1</td>
<td>15%</td>
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<tr>
<td>Policy Memo</td>
<td>15%</td>
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<tr>
<td>Municipal Analysis</td>
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<tr>
<td>Exam 2</td>
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<tr>
<td>FIA Memo</td>
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<tr>
<td>Participation</td>
<td>10%</td>
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<tr>
<td>Reflective Essays</td>
<td>10%</td>
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<tr>
<td>Team Debates</td>
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</table>

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 Wednesday, we will discuss any articles you have collected. Every student should bring in at least one article for discussion during 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>Numerical Range</th>
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<tbody>
<tr>
<td>A</td>
<td>93-100</td>
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<tr>
<td>A-</td>
<td>90-92.9</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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</table>

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: §1-102 In the Classroom.

**Academic Integrity:** The UIUC Student Code (http://www.admin.uiuc.edu/policy/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." 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.*

**Disability Services:** This course will accommodate students with documented disabilities. Please refer to the Disability Resource Guide (http://www.disability.uiuc.edu/resourceguide) for more information and inform the instructor of any requests at the beginning of the semester.
# Summary Schedule of Sessions:

<table>
<thead>
<tr>
<th>SESSION</th>
<th>WEEK</th>
<th>DATE</th>
<th>DAY</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Jan 21</td>
<td>W</td>
<td>Introduction to the course</td>
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<tr>
<td>2</td>
<td>2</td>
<td>Jan 26</td>
<td>M</td>
<td>Fiscal Federalism</td>
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<td>3</td>
<td>2</td>
<td>Jan 28</td>
<td>W</td>
<td>Local Government Structure and Trends</td>
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<tr>
<td>4</td>
<td>3</td>
<td>Feb 2</td>
<td>M</td>
<td>Major Revenue Sources and Current Issues</td>
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<tr>
<td>5</td>
<td>3</td>
<td>Feb 4</td>
<td>W</td>
<td>Revenue Policy/Reflective Essay Due</td>
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<tr>
<td>6</td>
<td>4</td>
<td>Feb 9</td>
<td>M</td>
<td>Financial Emergencies: Bankrupt Cities</td>
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<tr>
<td>7</td>
<td>4</td>
<td>Feb 11</td>
<td>W</td>
<td>Team Debates</td>
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<tr>
<td>8</td>
<td>5</td>
<td>Feb 16</td>
<td>M</td>
<td>Municipal Budgeting Process</td>
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<td>9</td>
<td>5</td>
<td>Feb 18</td>
<td>W</td>
<td>State and Local Privatization</td>
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<td>10</td>
<td>6</td>
<td>Feb 23</td>
<td>M</td>
<td>The Property Tax: Mechanics and Issues</td>
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<td>Mar 2</td>
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<td>Tax Exemption for Charitable Purposes</td>
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<td>7</td>
<td>Mar 4</td>
<td>W</td>
<td>Land Value Taxation/Policy Memo Due</td>
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<td>14</td>
<td>8</td>
<td>Mar 9</td>
<td>M</td>
<td>Education Finance</td>
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<td>15</td>
<td>8</td>
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<td>Exam 1</td>
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<td>16</td>
<td>9</td>
<td>Mar 16</td>
<td>M</td>
<td>Impact Fees</td>
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<td>17</td>
<td>9</td>
<td>Mar 18</td>
<td>W</td>
<td>Team Debates</td>
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<td>18</td>
<td>11</td>
<td>Mar 30</td>
<td>M</td>
<td>Fiscal Impact Analysis</td>
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<tr>
<td>19</td>
<td>11</td>
<td>Apr 1</td>
<td>W</td>
<td>Fiscal Impact Analysis/Reflective Essay Due</td>
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<td>20</td>
<td>12</td>
<td>Apr 6</td>
<td>M</td>
<td>Attracting Private Investment: TIF</td>
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<tr>
<td>21</td>
<td>12</td>
<td>Apr 8</td>
<td>W</td>
<td>Attracting Private Investment: BIDs/FIA Memo Due</td>
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<td>22</td>
<td>13</td>
<td>Apr 13</td>
<td>M</td>
<td>Attracting Private Investment: PPPs</td>
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<td>23</td>
<td>13</td>
<td>Apr 15</td>
<td>W</td>
<td>Attracting Private Investment: Business Incentives</td>
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<tr>
<td>24</td>
<td>14</td>
<td>Apr 20</td>
<td>M</td>
<td>Attracting Private Investment: Local Strategies</td>
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<tr>
<td>25</td>
<td>14</td>
<td>Apr 22</td>
<td>W</td>
<td>Attracting Private Investment: Micro-Finance</td>
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<td>26</td>
<td>15</td>
<td>Apr 27</td>
<td>M</td>
<td>State and Local Infrastructure</td>
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<td>27</td>
<td>15</td>
<td>Apr 29</td>
<td>W</td>
<td>Debt Management</td>
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<td>28</td>
<td>16</td>
<td>May 4</td>
<td>M</td>
<td>Preserving Farms and Open Space</td>
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<tr>
<td>29</td>
<td>16</td>
<td>May 6</td>
<td>W</td>
<td>Exam 2</td>
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Municipal Analysis due May 13 @ 4:30 pm
Required Readings

Week 1 (1/21)
Introduction

Week 2 (1/26)
Readings:

**Fiscal Federalism**


**Local Government Structure and Trends**

Week 3 (2/2)
Readings:

**Local Revenue: Major Sources and Fiscal Policy**
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) Compass.


Assignment:

**Reflective Essay #1 Due February 4.**

Week 4 (2/9)
Readings:

**Bankrupt Cities**

Week 5 (2/16)
Readings:

**The Politics of Local Spending and Revenue Raising**

Joyce, Philip G. and Scott Pattison. 2010. Public Budgeting in 2020: Return to Equilibrium, or Continued Mismatch between Demands and Resources? *Public Administration Review*. December Special Issue (Compass)


**Week 6 (2/23)**

**The Property Tax: Institution, Structure and Issues**


**Week 7 (3/2)**

**Land Use Implications of the Property Tax**
Readings:


**Assignment:**
Policy Memo Due Wednesday, March 4.

**Week 8 (3/9)**

**Education Finance**
Readings:


**Assignment:**
Exam 1, Wednesday, March 11.
Week 9 (3/16)
Readings:

**Impact Fees**

Mathur, Shishir. 2013. Do All Impact Fees Affect Housing Prices the Same? *Journal of Planning Education and Research* 33,4: 442-455 (Compass)

Week 10 (3/23)

Spring Break

Week 11 (3/30)
Readings:

**Fiscal Impact Analysis (FIA)**


Assignment: Reflective Essay #2 Due April 1.

Week 12 (4/6)
Readings:

**Attracting Public Investment I**


Guest Speaker: TJ Blakeman, Senior Planner, Economic Development, City of Champaign

Assignment: FIA Memo Due Wednesday, April 8.

Week 13 (4/13)
Readings:

**Attracting Public Investment II**


Guest Speaker: Laura Frerichs, Director of U of I Research Park; Director of Economic Development for UIUC.

**Week 14 (4/20)**

**Readings:**

**Attracting Private Investment III**


**Week 15 (4/27)**

**Readings:**

**Debt Management**


**Week 16 (5/4)**

**Readings:**

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


**Assignment:**

**Exam 2, Wednesday, May 6.**

**Municipal Analysis Due May 13 by 4:30.**