

Tuesdays and Thursdays  
2:00 PM – 3:20 PM  
Remotely via Zoom / TBH 223 (selected sessions)

Professor Mary Edwards  
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217-333-3211 (Office)

Office Hours: By appointment via email (mmedward@illinois.edu)

## 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 implications of recent proposals to reform local and state 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 explore equity implications of past and recent fiscal policy initiatives
- To build capacity to perform financial analyses.
- To enhance writing and presentation skills.

## Assignments, Grading, and Attendance

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.

Issues of state and local finance are matters of continuing debate. Students are encouraged to look for articles in the popular media on recent developments in state and local finance in Illinois and in other parts of the country and the world. At the beginning of class on every Tuesday, we will discuss any articles you have read. Every student should be prepared to discuss at least one article during the course of the semester. This will count as part of your class participation grade.

**Undergraduate students** will be graded on the following:

Exam 1	15%	Exam 2	20%
Policy Memo	20%	Team Debates	15%
Municipal Analysis	20%	Participation/in class activities	10%

**Graduate students** will be graded on the following:

Exam 1	15%	Exam 2	20%
Policy Memo	15%	Team Debates	15%
Municipal Analysis	15%	Participation/in class activities	10%
Class Facilitation	10%		

Graduate students are required to facilitate one class section. Students will work in groups of 3-4 and facilitate discussion around the assigned readings for a particular week. This will include both a presentation and an engaged activity for all students to participate in. Students will sign up for a discussion facilitation week within the first two weeks of the class.

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

A	93-100	C+	77-79.9
A-	90-92.9	C	73-76.9
B+	87-89.9	C-	70-72.9
B	83-86.9	D+	67-69.9
B-	80-82.9	D	60-66.9

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 and Student Resources

Our Tuesday course sessions will be delivered via remote instruction using Zoom at our designated time of 2-3:20pm. Throughout the semester, there will be times where I will offer the option of meeting in person on Thursdays in our scheduled classroom (TBH 223) or outside. These in-person opportunities for engagement will be communicated in class as the semester progresses. Please note that in person engagement is always optional, regardless of which section you registered for.

**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

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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.*

**Zoom camera use:** When we meet over Zoom, I encourage use to use video when possible.

**Health and Safety in the Classroom:** Following University policy, all students are required to engage in appropriate behavior to protect the health and safety of the community, including wearing a facial covering properly, maintaining social distance (at least 6 feet from others at all times), disinfecting the immediate seating area, and using hand sanitizer. Students are also required to follow the campus COVID-19 testing protocol.

Students who feel ill must not come to class. In addition, students who test positive for COVID-19 or have had an exposure that requires testing and/or quarantine must not attend class. The University will provide information to the instructor, in a manner that complies with privacy laws, about students in these latter categories. These students are judged to have excused absences for the class period and should contact the instructor via email about making up the work.

Students who fail to abide by these rules will first be asked to comply; if they refuse, they will be required to leave the classroom immediately. If a student is asked to leave the classroom, the non-compliant student will be judged to have an unexcused absence and reported to the Office for Student Conflict Resolution for disciplinary action. Accumulation of non-compliance complaints against a student may result in dismissal from the University.

### **Student Resources:**

**Accommodations:** To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES, you may call 333-4603 (V/TDD), or e-mail a message to [disability@uiuc.edu](mailto:disability@uiuc.edu). <http://www.disability.illinois.edu/>.

**Student Assistance:** 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

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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! <http://odos.illinois.edu/community-of-care/student-assistance-center/>

**Sexual Misconduct and Reporting:** The University of Illinois is committed to combating sexual misconduct. Faculty and staff members are required to report any instances of sexual misconduct to the University's Title IX and Disability Office. In turn, an individual with the Title IX and Disability Office will provide information about rights and options, including accommodations, support services, the campus disciplinary process, and law enforcement options.

A list of the designated University employees who, as counselors, confidential advisors, and medical professionals, do not have this reporting responsibility and can maintain confidentiality, can be found here: [wecare.illinois.edu/resources/students/#confidential](http://wecare.illinois.edu/resources/students/#confidential). Other information about resources and reporting is available here: [wecare.illinois.edu](http://wecare.illinois.edu).

**Emergency Response:** Emergency response recommendations can be found at the following website: <http://police.illinois.edu/emergency-preparedness/>. I encourage you to review this website and the campus building floor plans website within the first 10 days of class. <http://police.illinois.edu/emergency-preparedness/building-emergency-action-plans/>

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 Weekly Schedule of Themes and Due Dates
 

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Week	Date	Lecture/Activity/Discussion Topics
1	Aug. 25	Introduction to Course and classmates
	Aug. 27	Public Finance and Planning: Why Should Planners know Finance?
2	Sep. 1	Fiscal Federalism
	Sep. 3	Case Study Exercise: COVID 19 exposes challenges to federalism
3	Sep. 8	Government Structure: Trends and Issues
	Sep. 10	Case Study Exercises: Fire Protection Fees, Funding Libraries
4	Sep. 15	The Property Tax: Mechanics
	Sep. 17	APA-IL Conference
5	Sep. 22	Revenue Sources beyond the property tax
	Sep. 24	Discussion: Evaluating revenue sources: equity, efficiency, neutrality
6	Sep. 29	Tax Exemption for Charitable Purposes
	Oct. 1	Case Study Exercise: Carle Foundation Hospital <b>EXAM 1 DUE</b>
7	Oct. 6	Municipal Budgeting: Principles and Approaches
	Oct. 8	Case Study Exercise: Financial impacts of COVID-10
8	Oct. 13	Education Finance: Equity and Resources
	Oct. 15	Discussion: Equity and K-12 education
9	Oct. 20	Economic Development Finance: TIF Basics
	Oct. 22	Financing the Preservation of Farms, Open Space and Coastal Areas
10	Oct. 27	Funding and Defunding the Police <b>MUNICIPAL ANALYSIS DUE</b>
	Oct. 29	Case Study Exercise: Rethinking Public Safety
11	Nov. 3	Election Day! No Class.
	Nov. 5	State and Local Infrastructure + Debt. Management
12	Nov. 10	Attracting Private Investment: BIDS and State/Local Incentives
	Nov. 12	State and Local Privatization
13	Nov. 17	Fiscal Impact Analysis
	Nov. 19	Prep for Team Debates <b>POLICY MEMO DUE</b>
14	Nov. 24	Fall Break
	Nov. 26	Fall Break
15	Dec. 1	Team Debates
	Dec. 3	Team Debates
16	Dec. 8	Team Debates <b>EXAM 2 DUE</b>

## Course Sessions and Readings

Please note that course sessions, readings, and assignments are subject to change at my discretion.

### Week 1 (Week of 8/24): Course Introduction

Glaeser, EL. 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)

Lowe, R. Jr. and Olson, A. 2020. *Be Counted: Why the Census is So Important and Who is at Risk*. The University of Texas at Austin, Institute for Urban Policy Research & Analysis.

### Week 2 (Week of 8/31): Fiscal Federalism

Conlan, T. 2017. The Changing Politics of American Federalism. *State and Local Government Review*, 49(3): 170-183.

Kettl, D. 2020. States Divided: The Implications of American Federalism for COVID-19. *Public Administration Review*, Vol. 80, Iss. 4, pp. 595–602

Rocco, P. , Béland, D. & Waddan, A. 2020. Stuck in neutral? Federalism, policy instruments, and counter-cyclical responses to COVID-19 in the United States. *Policy and Society*, 39:3, 458-477, DOI: 10.1080/14494035.2020.1783793

Optional Readings:

Wang, S. and Pagano, M. 2017. Cities and Fiscal Federalism in the Trump Era: A Discussion. *State and Local Government Review* 49(3): 184-198.

Conlon, TJ. and Paul L. Posner. 2012. Federalism Trends, Tensions and Outlook, in the *Oxford Handbook of State and Local Government Finance*, Robert D. Ebel and John E. Peterson (eds). Oxford University Press: New York.

Tiebout, CM. 1956. A Pure Theory of Local Expenditures. *The Journal of Political Economy*, 64, 5: 416-424.

## **Week 3 (Week of 9/7): Government Structure: Trends and Issues**

Berman, E. and West, J. 2011. Public Values in Special Districts: A Survey of Managerial Commitment. *Public Administration Review*, Vol. 72, Iss. 1, pp. 43–54.

Faulk, D., & Killian, L. 2016. Special districts and local government debt: An analysis of “old northwest territory” states. *Public Budgeting & Finance*, 37(1), 112-134.

## **Week 4 (Week of 9/14): The Property Tax: Mechanics and Issues**

Bell, ME. 2012. Real Property Tax, in *The Oxford Handbook of State and Local Government Finance*, Robert D. Ebel and John E. Peterson (eds). Oxford University Press: New York.

Fisher, RD. 2009. *What Policy Makers Should Know about Property Taxes*, Land Lines: Lincoln Institute of Land Policy.

### Optional Readings:

Netzer, D. 2001. What do We Need to Know about Land Value Taxation? *American Journal of Economics and Sociology*. 60, 5: 97-118

Roakes, SL. 1996. Reconsidering Land Value Taxation: The Golden Key? *Land Use Policy*. 13, 4: 261-272.

## **Week 5 (Week of 9/21): Revenues Beyond the Property Tax**

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

sources: <http://www.urbanainllinois.us/departments/finance/financial-reports/annual-budget>

Martell, CR. and Greenwade, A. 2012. Profiles of Local Government Finance, in *The Oxford Handbook of State and Local Government Finance*, Robert D. Ebel and John E. Peterson (eds). Oxford University Press: New York.

Bland, R. 2005. *A Revenue Guide for Local Government*. Washington DC: ICMA. (Chapter 2, Revenue Policy Choices: Principles to Guide Managers).The Housing Crisis

Gu, Z., Liu, Z., Cheng, Q., & Saberi, M. (2018). Congestion pricing practices and public acceptance: A review of evidence. *Case Studies on Transport Policy*, 6(1), 94-101.



## **Week 6 (Week of 9/28): Tax Exemption for Charitable Purposes**

Kenyon, D.A. and Langley, A.H. 2010. *Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests*. Lincoln Institute of Land Policy: Boston.

## **Week 7 (Week of 10/5): Municipal Budgeting**

Goldfrank, B., & Schugurensky, D. 2019. Participatory Budgeting, Civic Education, and Political Capital.

Rubin, I. 2000. *The Politics of Public Budgeting*, New York: Seven Bridges Press LLC. Chapters 1, 2 and 5.

Huddleston, J. 2005. *An Introduction to Local Government Budgets: A Guide for Planners*. Lincoln Institute of Land Policy Working Paper.

## **Week 8 (Week of 10/12): Education Finance**

Verstegen, D. A. 2016. Policy Perspectives on State Elementary and Secondary Public Education Finance Systems in the United States. *Educational Considerations*, 43(2), 25-32.

Knight, D.S. 2017. Are High-Poverty School Districts Disproportionately Impacted by State Funding Cuts?: School Finance Equity Following the Great Recession. *Journal of Education Finance* 43(2), 169-194. <https://www.muse.jhu.edu/article/688011>.

Youngman, J. 2016. School Finance and Property Taxes. *Land Lines* (Lincoln Institute of Land Policy)

### Optional Readings:

Kaplan, Leslie S. and William A. Owings. 2013. The Unaddressed Costs of Changing Student Demographics. *Journal of Education Finance*, 39(1): 15-46.

Reynolds, L. 2007. Uniformity of Taxation and the Preservation of Local Control in School Finance Reform. *University of California, Davis Law Review* 40: 1835-1895.

## **Week 9 (Week of 10/19): Economic Development: TIF Basics/Financing Farms and Coasts**

Larnell, T.B., & Downey, D. C. 2019. Tax Increment Financing in Chicago: The Perplexing Relationship Between Blight, Race, and Property Values. *Economic Development Quarterly*, 33(4), 316–330.

Nguyen-Hoang, P. 2018. Is Tax Increment Financing a Fiscal Bane or Boon? *Journal of Planning Education and Research*.

Briffault, R. 2010. The Most Popular Tool: Tax Increment Financing and the Political Economy of Local Government. *The University of Chicago Law Review* Vol. 77, No. 1, pp. 65-95.

#### *Financing Preservation of Farms and Coasts:*

Mullin, M., Smith, M. D., & McNamara, D. E. 2019. Paying to save the beach: effects of local finance decisions on coastal management. *Climatic Change*, 152(2), 275-289.

Daniels, T. 2009. Saving Farms and Farmland. *Planning Magazine*. August/September: 38-4.

Duke, J.M. and Lynch, L. 2007. Gauging Support for Innovative Farmland Preservation Techniques. *Policy Sciences* 40: 123-155.

Sunberg, J.O. 2013. Tax Incentives for Open Space Preservation: Examining the Costs and Benefits of Preferential Assessment. *Land Lines*, October.

#### Optional Reading:

American Farmland Trust. 2018. Farms Under Threat: The State of America's Farmland.

Weber, R. 2007. Tax Increment Financing: Process and Planning Issues Rachel Weber and Laura Goddeeris, Lincoln Institute of Land Policy Working Paper.

#### **Week 10 (Week of 10/26): Urban Finance: Policing and Transportation**

Lowe, RH. 2020. *Policing, Justice, and Black Communities Part 1: A Historical Overview*. Institute for Urban Policy Research & Analysis. The University of Texas at Austin.

Lowe, T. 2020. *Policing, Justice, and Black Communities: A Brief Guide for Understanding Police Defunding, Reform, Disbanding and Abolition*. Institute for Urban Policy Research & Analysis. The University of Texas at Austin.

White, C. and Olson, A. and Mann, F. 2020. *Policing, Justice, and Black Communities. Part 3: Policing, Policy and Transformative Justice – An Overview of Reform and Abolition Strategies*. Institute for Urban Policy Research & Analysis. The University of Texas at Austin.

Rushin, S. and Michalski, R. 2020. Police Funding. *Florida Law Review*, Vol. 72, Issue 2 (2020), pp. 277-330

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Desilver, D. Lipka, M. and Fahmy, D. 2020. *10 Things We Know about Race and Policing in the U.S.* FactTank: News in the Numbers, PEW Charitable Trust.

## **Week 11 (Week of 11/2): Infrastructure and Debt Management**

Pagano, M. and Perry, D. 2008. Financing Infrastructure in the 21<sup>st</sup> Century. *Public Works Management and Policy* 13 (1): 22-38.

Zimmerman, R.; Brenner, R.; Llopis Abella, J. 2019. Green Infrastructure Financing as an Imperative to Achieve Green Goals. *Climate*, 7, 39.

Optional Reading:

Levy, Andrew. 2010. *Innovations in Local Infrastructure Finance: Alternative Methods of Infrastructure Finance for local governments in Champaign County, Illinois.* Champaign County Regional Planning Commission.

## **Week 12 (Week of 11/9): Attracting Private Investment/Privatization**

Ward, K. 2010. Entrepreneurial Urbanism and Business Improvement Districts in the State of Wisconsin: A Cosmopolitan Critique, *Annals of the Association of American Geographers*, 100:5, 1177-1196

Lewis, N.M. 2010. Grappling with Governance: The Emergence of Business Improvement Districts in a National Capital. *Urban Affairs Review* 46, 2: 180-217

Warner, M. 2011. Competition or Cooperation in Urban Service Delivery. *Annals of Public and Cooperative Economics* 82, 4: 421-435

Zheng, L. and Warner, M. 2010. Business Incentive Use Among US Local Governments: a Story of Accountability and Policy Learning. *Economic Development Quarterly*, 24(4) 325-336.

*Privatization:*

Warner, M. 2010. The Future of Local Government: Twenty-First-Century Challenges. *Public Administration Review*, 70: s145–s147

Nichols, R. 2010. The Pros and Cons of Privatizing Government Functions. *Governing*. December

Kim, Y. and Warner, M.E. (2016). [Pragmatic Municipalism: Local Government Service Delivery After the Great Recession](#). *Public Administration: An International Quarterly*, 94 (3): 789-805

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## Week 13 (Week of 11/16): Fiscal Impact Analysis

Read, D.R, Andrew R. Sanderford & Thomas Skuzinski. 2019. The Bounded and Pragmatic Consultant: Fiscal Impact Analysts as Rational Actors, *Planning Practice & Research*, 34:4, 475-488, DOI: [10.1080/02697459.2019.1624427](https://doi.org/10.1080/02697459.2019.1624427)

Kotval, Z. and Mullin, J. 2006. *Fiscal Impact Analysis: Methods, Cases and Intellectual Debate*. Lincoln Institute of Land Policy Working Paper. MA: Cambridge.

Edwards, M. and Huddleston, J. 2009. Prospects and Perils of Fiscal Impact Analysis, *Journal of the American Planning Association*, 76:1, 25-41, DOI: [10.1080/01944360903310477](https://doi.org/10.1080/01944360903310477)

### Optional Readings:

Bunnell, G. 1998. Analyzing the Fiscal Impacts of Development: Lessons for Building Successful Communities. *Journal of the Community Development Society* 29, 1: 38-57.

Clapp, C. M., Freeland, J., Ihlanfeldt, K., & Willardsen, K. 2018. The fiscal impacts of alternative land uses: An empirical investigation of cost of community services studies. *Public Finance Review*, 46(5), 850-878.

Kelsey, T.W.. 1996. The Fiscal Impacts of Alternative Land Uses: What Do Cost of Community Services Studies Really Tell Us? *Journal of the Community Development Society*. 27, 1: 78-89.

## Week 14 (Week of 11/23): Fall Break

## Week 15 (Week of 11/30): Team Debates

## Week 16 (Week of 12/9): Team Debates