

Monday and Wednesday
2:00 PM – 3:20 PM
TBH 225

Professor Mary Edwards
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217-333-3211 (Office)

Office Hours: Mondays 3:30-4:30 and by appointment

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. These 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 Canvas (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. 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.

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 Wednesday, 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 2-3 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.

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

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.

Zoom camera use: If we do meet over Zoom, I encourage use to use video when possible.

Health and Wellness:

This site will help you to get connected to Campus and college services for wellness, **mental health, access, and accommodation:** <https://wellness.illinois.edu/>

Health and Safety in the Classroom:

Face coverings

All students, faculty, staff, and visitors are required to wear face coverings in classrooms and university spaces. This is in accordance with CDC guidance and University policy and expected in this class.

Please refer to the University of Illinois Urbana-Champaign's COVID-19 website for further information on face coverings. Thank you for respecting all of our well-being so we can learn and interact together productively.

Building access

In order to implement COVID-19-related guidelines and policies affecting university operations, instructional faculty members may ask students in the classroom to show their Building Access Status in the Safer Illinois app or the Boarding Pass. Staff members may ask students in university offices to show their Building Access Status in the Safer Illinois app or the Boarding Pass. If the Building Access Status says "Granted," that means the individual is compliant with the university's COVID-19 policies—either with a university-approved COVID-19 vaccine or with the on-campus COVID-19 testing program for unvaccinated students.

Students are required to show only the Building Access Screen, which shows compliance without specifying whether it was through COVID-19 vaccination or regular on-campus testing. To protect personal health information, this screen does not say if a person is vaccinated or not. Students are not required to show anyone the screen that displays their vaccination status. No university official, including faculty members, may ask students why they are not vaccinated or any other questions seeking personal health information.

Absences due to illness

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. Please note that these are excused absences and you should contact me directly via email about making up the work.

Additional 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. <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 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. Other information about resources and reporting is available here: 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/>

Weekly Schedule of Themes and Due Dates

Week	Date	Lecture/Activity/Discussion Topics
1	Aug. 23	Introduction to Course and classmates
	Aug. 25	Public Finance and Planning: Why Should Planners know Finance?
2	Aug. 30	Fiscal Federalism
	Sep. 1	Case Study Exercise: COVID 19 exposes challenges to federalism
3	Sep. 6	Labor Day Holiday
	Sep. 8	Government Structure: Trends and Issues
4	Sep. 13	Funding and Defunding the Police: Steve Sherman, PhD, Kinder Institute
	Sep. 15	Case Study Exercise: Rethinking Public Safety
5	Sep. 20	The Property Tax: Mechanics
	Sep. 22	Case Study Exercises: Fire Protection Fees, Funding Libraries
6	Sep. 27	Revenue Sources beyond the property tax
	Sep. 29	Discussion: Evaluating revenue sources: equity, efficiency, neutrality EXAM 1 DUE
7	Oct. 4	Municipal Budgeting: Principles and Approaches
	Oct. 6	APA Illinois Conference
8	Oct. 11	Education Finance: Equity and Resources
	Oct. 13	Discussion: Equity and K-12 education
9	Oct. 18	Attracting Private Investment, TIF Basics: T.J. Blakeman, City of Champaign
	Oct. 20	Financing the Preservation of Farms, Open Space and Coastal Areas
10	Oct. 25	Tax Exemption for Charitable Purposes MUNICIPAL ANALYSIS DUE
	Oct. 27	Case Study Exercise: Carle Foundation Hospital
11	Nov. 1	State and Local Infrastructure + Debt. Management
	Nov. 3	Case Study: The enduring challenge of paying for infrastructure
12	Nov. 8	Attracting Private Investment: BIDS and State/Local Incentives
	Nov. 10	State and Local Privatization
13	Nov. 15	Fiscal Impact Analysis
	Nov. 17	Prep for Team Debates POLICY MEMO DUE
14	Nov. 22	Fall Break
	Nov. 24	Fall Break
15	Nov. 29	Team Debates
	Dec. 1	Team Debates
16	Dec. 6	Team Debates
	Dec. 8	Course Wrap Up EXAM 2 DUE

Course Sessions and Readings

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

Week 1 (Week of 8/23): Course Introduction

Edward L. Glaeser, Urban Public Finance, Editor(s): Alan J. Auerbach, Raj Chetty, Martin Feldstein, Emmanuel Saez, *Handbook of Public Economics*, Elsevier, Volume 5, 2013. (This is a comprehensive paper that covers many themes of the class, so we will revisit it over the course of the semester. For Week 1, read Sections 1-3.)

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 8/30): Fiscal Federalism

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

Feldman, Noah. 2021. Federalism Shows Its Age Fighting Covid-19, Climate Change. Bloomberg.

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 9/6): Government Structure: Trends and Issues

America Counts. 2019. *Are There Special Districts in your Hometown?*

Civic Federation. 2021. *An Inventory of Local Governments in Illinois* (selected excerpts, pages 13-38)

Week 4 (Week of 9/13): Urban Finance: Policing

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

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 5 (Week of 9/20): 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.

Week 6 (Week of 9/27): Revenues Beyond the Property Tax

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

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

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

Edward L. Glaeser, Urban Public Finance, Editor(s): Alan J. Auerbach, Raj Chetty, Martin Feldstein, Emmanuel Saez, *Handbook of Public Economics*, Elsevier, Volume 5, 2013. For Week 6, read Sections 5.3 and 5.4.

Optional Readings:

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 7 (Week of 10/4): 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.

Week 8 (Week of 10/11): Education Finance

Baker, Bruce D. and Matthew Di Carlo. 2020. *The Coronavirus Pandemic and K-12 Education Funding*. Albert Shanker Institute.

Habans, Robert and Robert Bruno. 2018. *Regressive Illinois: School Funding, District level Performance and its Implications for Revenue and Spending Policies*. I School of Labor and Employment Relations.

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

Optional Readings:

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>

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 10/18): Economic Development: TIF Basics/Preserving Farms and Coasts

TIF, October 18:

Merriman, David. 2018. *Improving TIF for Economic Development*. Lincoln Institute of Land Policy.

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

Optional Readings on TIF:

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.

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

Financing Preservation of Farms and Coasts, October 20:

American Farmland Trust. 2020. *Farms Under Threat: State of the States*.

Optional Readings on 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.

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

Week 10 (Week of 10/25): 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 11 (Week of 11/1): Infrastructure and Debt Management

Pagano, M. and Perry, D. 2008. Financing Infrastructure in the 21st 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 11/8): Attracting Private Investment/Privatization

Business Improvement Districts and Local Development Incentives, November 8:

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. and Zheng, L. 2013. Business Incentive Adoption in the Recession. *Economic Development Quarterly*, 27(2): 90-101.

Chicago Metropolitan Agency on Planning (CMAP). September 2020. Improving Local Development Incentives.

Privatization, November 10:

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

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

Week 13 (Week of 11/15): 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

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.

Week 14 (Week of 11/22): Fall Break

Week 15 (Week of 11/29): Team Debates

Week 16 (Week of 12/6): Team Debates and Course Wrap up