

Instructor: Mary Edwards  
Office Hours: Tuesday 12-1pm and by appointment.  
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Lecture/Discussion: T, Th 2-3:20pm

**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:

Exam 1	15%	Exam 2	20%
Policy Memo	15%	FIA Memo	15%
Municipal Analysis	20%	Participation/Team Debates	15%

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:

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:

**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>)

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/>)

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:**

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

## Required and Optional Readings

### Week 1

#### Fiscal Federalism and Government Structure

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

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

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:

Conlon, Timothy J. 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, Charles M. 1956. A Pure Theory of Local Expenditures. *The Journal of Political Economy*, 64, 5: 416-424.

### Week 2

#### Major Revenue Sources

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

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

Martell, Christine R. and Adam Greenwade. 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.

### Week 3

#### Municipal Budgeting

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

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

#### Revenue Policy

Bland, Robert. 2005. *A Revenue Guide for Local Government*. Washington DC: ICMA. (Chapter 1, Revenue Policy and the Local Economy and Chapter 2, Revenue Policy Choices: Principles to Guide Managers).

#### **Week 4**

#### **The Property Tax: Mechanics and Issues**

Bell, Michael E. 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, Ronald D. 2009. *What Policy Makers Should Know about Property Taxes*, Land Lines: Lincoln Institute of Land Policy.

Optional Readings:

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

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

#### **Week 5**

#### **Team Debates**

#### **Week 6**

#### **Tax Increment Finance**

Briffault, Richard. 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.

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:

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

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

#### **Week 7**

#### **Education Finance**

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

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

Optional Reading:

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

## Week 8

### **Fiscal Impact Analysis**

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

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

Optional Reading:

Kelsey, Timothy 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.

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

## Week 9

### **Case Study Exercises**

## Week 10

### **Business Improvement Districts**

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

### **Public Private Partnerships**

Friedman, Stephen B., editor. *Successful Public/Private Partnerships: From Principles to Practices*. Washington, DC: Urban Land Institute, 2016.

Optional Reading:

Sagalyn, Lynne B. 2008. Public Private Development. *Journal of the American Planning Association*, Vol. 73, No. 1, Winter.

Guest Speaker, Laura Frerichs, Director, UIUC Research Park

## Week 11

### **Tax Exemption for Charitable Purposes**

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

### **Fiscal Stress: The Case of California**

Goldberg, Jeremy and Max Neiman. 2014. *Managing Budgets During Fiscal Stress: Lessons for Local Government Officials*. Managing Finance Series: IBM Center for the Business of Government.

## Week 12

### **Financing Infrastructure**

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

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.

### **State and Local Privatization**

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

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

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

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

## Week 13

### **Fall Break**

## Week 14

### **Group Presentations: Municipal Analysis**

## Week 15

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

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

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

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

### **Attracting Investment: Business Incentives**

Wallace, Sally. 2008. Interjurisdictional Competition Under U.S. Fiscal Federalism in *Fiscal Decentralization and Land Policies*. Cambridge, MA: Lincoln Institute of Land Policy. Gregory Ingram and Yu-Hung Hong (eds)

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