Urban Fiscal Policy
REAL/FNCE/BEPP 2300

Fall 2022, MW 10:15am to 11:45am, at JMHH 250

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Introduction:
This course will examine the provision of public services for firms and people through cities and other local governments. Why cities exist, when fiscal policy fails, investments in infrastructure, how to improve school quality, realities of local governments such as inequality, crime, corruption, high cost of living, congestion, and unfunded pensions will be covered. We will pay special attention to recent topics, such as the impact of the Covid-19 pandemic on city and public school finances, racial differences in police use of force, partnerships with the private sector, enterprise zones, the role of technology, environmental challenges, and real estate policies that may (or may not!) promote housing affordability, such as inclusionary zoning and rent control.

No prior knowledge of city governments is required. The course will show how "big data" and frontier research can be used to understand the most recent urban fiscal policy issues. Students are expected to have some understanding of microeconomics, and basic ability to interpret results from empirical research that use statistical models.

Classes will be conducted in-person, and the course will also have guest speakers (hopefully in-person) to help connect the topics explored in class with the current reality of urban finance in the United States. Two or three cases will allow you to put to use the urban fiscal knowledge gained in class.

Office Hours:
My office hours will be on Thursdays from 9:45am to 11am at 430 Vance Hall or at any other time by appointment. The schedule of TA office hours will also be posted on Canvas (look at the Canvas calendar, and also inside the assignments for exams and cases), and it will be updated periodically.

Slides and Reading Materials:
Each topic covered in class will have a set of slides, assigned readings, online articles, and a suggested textbook chapter - see list of topics in this syllabus and links on Canvas.

All class slides will be available on Canvas, the morning before each class. Please print the slides and bring them to class, as they will save you time with note taking. **Non-Wharton students** will need to apply for a Wharton account in order to get access to Canvas.

The main textbook reference is "Urban Economics and Fiscal Policy" by Holger Sieg, but you are not required to buy it. Assigned readings are classified in technical (research papers published in academic journals) and non-technical (book chapters or summaries of the literature). You should read the technical articles for general understanding, but do not get bogged down in modelling details or complex estimation strategies. I also regularly post online articles that supplement the assigned readings and give you a better understanding of recent issues and trends in Urban Fiscal Policy. There is no bulkpack for this course.

Grading:
The dates and times of all assignments are **final**, and must be strictly adhered to. Failure to complete any exam or hand in any case on time will result in zero points for that exercise. The course grade will be determined as follows:

Midterm #1: 20%
Midterm #2: 25%
Case #1: 10%
Case #2: 15%
Case #3: 20%
Participation: 10%

Exams:
Two midterm exams count for 45% of the course grade. The second midterm will not be inclusive of the materials tested on the first midterm, but you are expected to be familiar with the basic concepts. **Exams will be conducted in class, during regular class time.**

Make-ups are not given without a formal approval of the Wharton Dean's Office.

Re-grade requests are only accepted if submitted within seven days of my having returned the graded exams. Re-graded exams can change your grade up or down. See more details at the end of this syllabus.

Cases:
The three cases constitute 45% of the course grade. Cases are group projects, and you will get to form your own group (and should feel free to change groups during the semester). Groups can have 2, 3, or 4 members. No exceptions allowed. Each group should upload a copy of the case at "case discussion day". Attendance is "mandatory" in the sense that 10% of your grade in that case will be deducted if you choose to miss a case discussion (for any reason, such as family trips, job interviews, etc.). Late cases will not be accepted nor will extensions be given without approval from Wharton Dean's Office.

It is your responsibility to make sure your entire team prepares the cases independently from other teams. You may verbally discuss the cases with other students, but each group must separately prepare their own case materials and write-ups without reference to anyone else's case materials or write-ups, and without sharing written materials with anyone at any point. Violations of these rules will be treated as violations of Penn's Code of Academic Integrity, and will result in the entire team getting a zero on the assignment.

Class Participation:
Class participation counts for 10% of your grade, and will be based on attendance and on your contributions to the class discussion. I will explicitly record your attendance in the class using Canvas. You should also choose a seat during the first week of classes, and use that seat during the whole semester.

Arriving 5 or more minutes late for class is treated as an absence. You are allowed to have 2 free absences per semester. Other absences, such as for health reasons, will have to be justified via standard Wharton protocol.

I also reserve the right to use superb or sub-par class participation to adjust the class participation grade. Sub-par participation includes not following any of the concert rules below:

- Always display your name tents
- Turn off cell phones (right after using the Canvas check-in)
- Be prepared to be "cold-called"
- Computers and laptops are not allowed
- You should also ask questions
- Actively participate in class discussions
- Respect your fellow students' desire to learn.

Guest Lectures:
We will have three special guest lecturers during the semester - see course outline below for exact times, dates and location. The materials covered by our guests may be tested on the exams. Most guest lectures will occur outside class time. While attendance is required, students with conflicting schedules should email me in advance. I will post video recording of the guest lectures on Canvas only for those students.

Copyrights:
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Course Outline – See Canvas for slides, readings, online articles, and updates

August 31:   Introduction

September 5: No class (Labor Day)

September 7: Why cities? It matters for businesses

September 12: Why cities? It matters for people

September 14: Declining cities and fiscal policy

September 19: Public goods and efficient cities

September 21: Case 1 discussion, and improving the quality of public schools

September 26: More on schools

September 26 at 5:15pm: Guest lecture: Peter Hayes, BlackRock Head of Municipal Bonds, at place TBA

September 28: Crime, public safety, and police use of force

October 3:   More on crime

October 5:   Rent seeking, pensions, and corruption

October 10:   First midterm exam

October 12:   Wrap up: Corruption, debt and the muni bond market

October 17:   Case 2 discussion

October 19:   No class (see guest lecture on Sep 28)

October 24:   Sprawl, commuting, and public transport

October 26:   Cost of living and local regulation

October 31:   More on housing

November 2: Case 3, stage 1 discussion

November 7: City Politics

November 9: Case 3, stage 2 discussion

November 9 at 5:15pm: Guest lecture: Kelly Hereid, Director of Catastrophe R&D at Liberty Mutual, at place TBA

November 14: Neighborhoods, poverty and city welfare

November 16: Case 3, stage 3 discussion

November 21: No class (see guest lecture on Nov 9)

November 23: No class (Thanksgiving)

November 28: Should cities tax or subsidize businesses?

November 30: Environmental challenges

November 30 at 5:15pm: Guest lecture: Mayor Jim Kenney, City of Philadelphia, at TBA

December 5:   No class (see guest lecture on Nov 30)

December 7:   Second midterm exam

Regrade Policy

I strive for accuracy and equity in the grading for this class. However, despite our best efforts, grading is sometimes imperfect and the onus for bringing any errors to my attention falls upon you.

The following set of rules provides a mechanism for requesting regrades to correct grading errors. If you do not follow these rules, you will forfeit your right to a regrade. The rules are designed to maintain fairness by not rewarding gratuitous regrade requests while also not penalizing students for bringing errors to my attention.

To submit a regrade request:

1) Please *type* up a cover letter with a bullet point outline of:
   a. The question involved
   b. The points requested
   c. A substantive explanation of the request
2) Submit the cover letter along with the assignment to me in person or put it in my mailbox in the 4th floor of Vance Hall (or email me if class is online)
3) Email me to inform that you have dropped off your midterm request

General policies:
1) Regrade requests will be accepted for *1 week* following the return of an assignment.
2) If you request a regrade, the entire assignment will be reviewed. Errors tend to be random and offset each other. It would be unfair to the rest of the class to correct only the grading errors that went against you but not the ones in your favor.
3) Do not submit regrade requests by email only.
4) Under no circumstances will I consider regrade requests that allege that the grading guidelines are unfair. The guidelines are applied equally to everyone, thus are equitable.
5) Under no circumstances will I go over the grading of your assignment in "real time," with no forewarning.