

**Urban Fiscal Policy
REAL/FNCE 730 and BEPP 773**

Fall 2019, at SH-DH 211, MW 3-4:30pm

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Introduction:

This course will examine the provision of public services for firms and people through cities. Why cities exist, when fiscal policy fails, investments in infrastructure, realities of local governments such as inequality, crime, corruption, high cost of living, congestion, and unfunded pensions and debt, will be covered. We will pay special attention to recent topics, such as partnerships with the private sector, enterprise zones, the role of technology, environmental challenges, and real estate policies that promote housing affordability, such as rent control and inclusionary zoning.

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 are conducted in a standard lecture format with discussions encouraged. The course will also have guest speakers to help connect the topics explored in class with the current reality of urban finance in the United States. Two 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 3:30pm to 5pm at 430 Vance Hall. The schedule of TA office hours will be posted on Canvas (look inside the Exam and Case pages), 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 textbook chapter - see list of topics in this syllabus and links on Canvas.

All class slides will be available on Canvas in advance. 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The main textbook reference is the still unpublished “Urban Economics and Fiscal Policy” by Holger Sieg. 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 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: 30%
Midterm #2: 30%
Two cases: 30%
Participation: 10%

Exams:

Two midterm exams count for 60% of the course grade (30% each). The second midterm will not be inclusive of the material tested on the first midterm, but you are expected to be familiar with the basic concepts. You are allowed to use one 8.5 x 11" note sheet (double-sided). Exams must be taken in class, in the same time and location of the regular lectures. **Make-ups are not given without a formal approval of the Wharton Dean's Office.** For a medical excuse, you must have been admitted to student health or the hospital, and/or have a doctor's note explaining that you were incapacitated.

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

Cases:

The two cases constitute 30% of the course grade (15% each). 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 turn in one hard 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 accounts for 10% of your grade. I will explicitly record your attendance in the class using the Wharton Connect App. 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 will only be excused if officially approved by the Wharton Dean's Office.

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 name tents
- Turn off cell phones (right after using the Wharton Connect App!)
- Computers and laptops are not allowed
- Be prepared to be "cold-called"
- You should also ask questions
- Respect your fellow students' desire to learn.

You should also choose a seat during the first week of classes, and use that seat during the whole semester.

Guest Lectures:

We will have four 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. Half of the guest lectures 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.

Copyrights:

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Course Outline – See Canvas for book chapters, online articles, and updates

- August 28: Introduction
- September 2: No class (Labor Day)
- September 4: Why cities? It matters for businesses
- September 9: Why cities? It matters for people
- September 11: When fiscal policy fails
- September 16: Efficient cities – the case of public schools
- September 18: Private sector alternatives
- September 23: Guest lecture (1:30pm at SH-DH 211): Paul Levy, President and CEO, Center City District
- September 25: Urban fiscal inequality
- September 30: Crime
- October 2: Corruption and rent seeking
- October 7: Case 1 discussion
- October 9: Poverty and city welfare
- October 14: First midterm exam
- October 16: Cost of living and local regulation
- October 21: Rent control, inclusionary zoning, and housing assistance
- October 23: Inside the city – congestion and neighborhoods
- October 28: Guest lecture (3pm at SH-DH 211): TBA
- October 30: Outside the city – sprawl and environmental issues
- November 4: Who pays for city services?
- November 6: Should cities tax or subsidize businesses?
- November 11: Guest lecture (3pm at SH-DH 211): Shawn McCaney, Executive Director, William Penn Foundation

November 13: Case 2 discussion

November 18: Guest lecture (1:30pm at SH-DH 211): Philadelphia Mayor Jim Kenney

November 20: Debt and the muni bond market

November 25: Review session

November 27: No class (Thanksgiving)

December 2: Local politics

December 4: Second midterm exam

December 9: Wrap-up

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
- 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.