

URBP 250: URBAN PLANNING PUBLIC FINANCE SPRING 2009

Instructor:	Dr. Shishir Mathur
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Office hours:	Tuesday 12:30 pm – 3:30 pm and by appointment
Class days/time:	Tuesday 7:15 pm – 10 pm
Classroom:	DMH 226B

Course Catalog Description:

An investigation of both the theory and practice of local public finance with emphasis on applications relevant to urban and regional planning. Topics include: public goals and externalities; the function of the budget; sources of revenue and expenditure; the planning programming-budgetary system (PPBS); methods of project evaluation; and traditional as well as innovative methods of public finance including property tax, user fee, impact fee, tax increment financing, and use of special districts.

Course Description and Objectives:

Do you wonder how we pay for our roads, schools, libraries and other public infrastructure and facilities? What are the traditional as well as innovative methods of financing public facilities? How can the method of financing such facilities affect urban development? How do we ensure that planning and funding of facilities are coordinated? This course discusses these and such other questions/issues related with public financing of urban infrastructure and services.

Financing of public facilities for an urban area is a very dynamic and complex process. The complexity arises, in part, because of the diversity of organizations involved in the decision-making process. The process is political as well as technical in nature. Moreover, there is an ever-increasing competition for limited funds, especially during times of budgetary cutbacks. In this course we will first get introduced to the field of public finance with an overview of the government structure under which public financing works in the United States. This will be followed by a discussion of the normative theory of public finance. Second, we will look at public finance at the local government-level. The discussion will include study of the major sources of expenditure and revenue, the budgeting process, and the exploration of the link between budgeting and planning. Third, we will review two important evaluation tools used in the field of public finance, namely, fiscal impact analysis and cost-benefit analysis. In the end, we will examine the traditional as well as the innovative public financing methods. These include property taxes, user fees, impact fees, tax increment financing, and special districts.

Upon successful completion of the course, students will be able to:

1. Identify and describe the budgetary process of a local jurisdiction;

2. Identify linkages (or lack thereof) between a local jurisdiction's budgeting and planning processes;
3. Understand the role of short- and long-term debt in financing public infrastructure and services;
4. Critically evaluate the impact of various public finance tools on urban development; and
5. Use program evaluation tools like fiscal impact analysis and cost-benefit analysis

Required Course Readings:

The required course reader is available at Unique Printing. Unique Printing is located at 124 E Santa Clara Street, between 3rd and 4th Streets (phone 408-297-6698). Please call them ahead of time to make sure that they have copies of the reader for you. I may also hand out a small number of additional articles in class, and at times may ask you to read material available on the web.

Course Assignments and Grading Policy:

This class will be a combination of lecture by instructor, in-class discussion, and presentation by guest speakers. You have to read the assigned material prior to attending that week's class, and participate in the class discussion. Over the entire semester each student is required to contribute five questions that s/he would like to see discussed in the class. Such questions may also include clarification of a concept/part of the reading. Only one question can be submitted per class. The question should be sent to the instructor two days before the class. As this class meets on Tuesday evening, the question should be sent to the instructor (via email) by Sunday mid-night.

Your grade for the course will be based on the following assignments:

Class Discussion	10%
Providing five discussion/clarification questions (5%)	
In-class discussion (5%)	
Draft Term Paper (Due April 7)	15%
Final Term Paper (Due May 5)	30%
Presentation of Term Paper	10%
(On May 5 and May 12)	
Three take home exercises	35%
Fiscal Impact Exercise (14%) (Due April 14)	
Cost Benefit Exercise (14%) (Due April 14)	
Impact Fee Exercise (7%) (Due May 12)	
	100%

Other grading/assignment issues

Late submission of the draft and final term paper will not be accepted. Late submission of take home exercises will incur a penalty. 10% of the grade will be deducted for exercises submitted within a week after the due date, and 30% of the grade will be deducted for the exercises submitted after one week of the due date.

Course grade and corresponding numerical grade:

A+ (96 and above); A (93 to 95); A- (90 to 92); B+ (87 to 89); B (84 to 86); B- (81 to 83); C+ (78 to 80); C (75 to 77); C- (72 to 74); D+ (69 to 71); D (66 to 68); D- (63 to 65); F (below 63)

Academic integrity statement, plagiarism, and citing sources properly

SJSU's Policy on Academic Integrity states: "Your own commitment to learning, as evidenced by your enrollment at San Jose State University, and the University's Academic Integrity Policy requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the Office of Student Conduct and Ethical Development" (Academic Senate Policy S07-2). [The policy on academic integrity can be found at http://www.sjsu.edu/senate/S07-2.htm](http://www.sjsu.edu/senate/S07-2.htm).

Plagiarism is the use of someone else's language, images, data, or ideas without proper attribution. It is a very serious offense both in the university and in your professional work. In essence, plagiarism is both theft and lying: you have stolen someone else's ideas, and then lied by implying that they are your own.

Plagiarism will lead to grade penalties and a record filed with the Office of Student Conduct and Ethical Development. In severe cases, students may also fail the course or even be expelled from the university.

If you are unsure what constitutes plagiarism, it is your responsibility to make sure you clarify the issues before you hand in draft or final work.

Learning when to cite a source and when not to is an art, not a science. However, here are some examples of plagiarism that you should be careful to avoid:

- If you use a sentence (or even part of a sentence) that someone else wrote and don't reference the source, you have committed plagiarism.
- If you paraphrase somebody else's theory or idea and don't reference the source, you have committed plagiarism.
- If you use a picture or table from a webpage or book and don't reference the source, you have committed plagiarism.
- If your work incorporates data someone else has collected and you don't reference the source, you have committed plagiarism.

The University of Indiana has developed a very helpful website with concrete examples about proper paraphrasing and quotation. See in particular the following pages:

- [Overview of plagiarism at http://www.indiana.edu/~istd/overview.html](http://www.indiana.edu/~istd/overview.html)
- [Examples of plagiarism at http://www.indiana.edu/~istd/examples.html](http://www.indiana.edu/~istd/examples.html)
- [Plagiarism quiz at http://www.indiana.edu/~istd/test.html](http://www.indiana.edu/~istd/test.html)

If you still have questions, feel free to talk to me personally. There is nothing wrong with asking for help, whereas even unintentional plagiarism is a serious offense.

Citation style

It is important to properly cite any references you use in your assignments. The Department of Urban and Regional Planning uses Kate Turabian's "A Manual for Writers of Research Papers, Theses, and Dissertations, 7th edition" (University of Chicago Press, 2007, ISBN-10: 0-226-82336-9). Copies are available in the SJSU King Library. Additionally, the book is relatively inexpensive, and you may wish to purchase a copy. Please note that Turabian's book describes two systems for

referencing materials: (1) “notes” (footnotes or endnotes), plus a corresponding bibliography, and (2) in-text parenthetical references, plus a corresponding reference list.

Please note that Turabian’s book describes two main systems for referencing materials: (1) footnotes or endnotes, plus a corresponding bibliography, or (2) in-text parenthetical references, plus a corresponding reference list. You can use any system. However make sure that once you have decided to use one system, it is diligently adopted throughout your written work.

Accommodation for Disabilities

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

Tentative Course Schedule

1. January 27

Course Overview

2. February 3

Public Finance: The Local Government Structure

Reading:

Chapters 1 and 2, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.

3. February 10

Public Finance: Theory

Reading:

- * Chapter 5, in *The Economics of Planning*, by Eric J. Heikkila
- * *A Pure Theory of Local Expenditures*, by Charles Tiebout
- * *An Economic Theory of Clubs*, by James M. Buchanan
- * *Are Municipalities Tieboutian Clubs?*, by Eric J. Heikkila

4. February 17

Local Government: Expenditure and Revenue

Reading:

- * Chapter 4 and 5, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.
- * Crane, Randall. 2006. *Public Finance Concept for Planners*. Lincoln Institute of Land Policy Working Paper Series. Cambridge, MA: Lincoln Institute of Land Policy.

Term Paper Introduced

Draft Due April 7

Final Due May 5

5. February 24

Local Government Budgeting

Guest Speaker: TBD

Reading:

* Chapter 6, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.

* Chapter 1-4, in *The New Politics of the Budgetary Process*, by Aaron Wildavsky and Naomi Caiden.

* *Budgeting for Accountability: Municipal Budgeting for the 1990s*, by Irene Rubin

* *Operating and Capital Budget Reform in Minnesota: Managing Public Finances Like the Future Matters*, by Laura M. King

6. March 3

Determining Infrastructure Needs

Reading:

* Chapter 2, in *Project Infrastructure Development Handbook*, by Urban Land Institute.

* *Adequate Public Facilities Ordinances and Transportation Management*, by Mark S. White.

* *Estimating Functional Population for Facility Planning*, by Arthur C. Nelson, and James C. Nicholas.

7. March 10

Capital Improvement Planning

Guest Speaker: TBD

Reading:

* Chapter 17, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.

* *Capital Improvement Programs: Linking Budgeting and Planning*, by Robert A. Bowyer.

8. March 17

Fiscal Impact Analysis

Reading:

* *Fiscal Impact Analysis*, by Burchell and Listokin

* Chapter 7, in *The Economics of Planning*

Recommended Reading:

* *The New Practitioner's Guide to Fiscal Impact Analysis*, by Burchell, Listokin, and Dolphin.

Cost Benefit Analysis

Reading:

* *An Introduction to Cost Benefit Analysis*, by Robert Dorfman

* Chapter 8, in *The Economics of Planning*.

Fiscal Impact Exercise Introduced (Due April 14)

C/B Exercise Introduced (Due April 14)

9. March 24

Spring Recess - No class

10. March 31

Caesar Chavez Day - No class

11. April 7

Debt Management

Reading:

- * Chapter 12, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.
- * *New Financing Instruments for State and Local Capital Facilities*, by Alan Walter Steiss
- * Mathur, S. 2007. *Using General Obligation Debt to Finance Park and Recreation Public Improvements: the Case of San Jose, California*. Lincoln Institute of Land Policy Working Paper Series. Cambridge, MA: Lincoln Institute of Land Policy.

Property and Non Property Taxes

Reading:

- * Chapter 8 and 9, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.
- * *Proposition 13: Unintended Effects and Feasible Reforms*, by Terri Saxton, Steven Sheffrin, and Arthur O' Sullivan.
- * *The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and the Tiebout Hypothesis*, by Wallace E. Oates.

Draft Term Paper due (bring a hard copy to the class and also email at shishir.matbur@sjsu.edu with the subject line "Name: 250 Draft Term Paper"); also to be electronically distributed among the classmates

12. April 14

User Fees

Reading:

- * Chapter 10, in *Management Policies in Local Government Finance*, edited by Aronson and Schwartz.
- * Delucchi, M.A., *Do motor-vehicle users in the US pay their way?*, *Transport. Res. Part A* (2007).
- * *Residential demand for water and the pricing of municipal water services*, by Martin, R.C., and R.P. Wilder. *Public Finance Quarterly* 20(1): 93-102.
- * *Evaluating a water conservation surcharge program in Orange County, Florida*, by Briggs, R.K., Jr. *Government Finance Review* 5(2): 7-10.
- * *Local government user charges and cost- volume- profit analysis*, by Senge, S.V. *Public Budgeting & Finance* 6(3):92-105.

Fiscal Impact Exercise Due

C/B Exercise Due

13. April 21

Special Districts

Reading:

- * Special Districts: A Useful Technique for Financing Infrastructure, by Douglas Porter, Ben Lin, and Richard Peiser.
- * Chapter 6, in Paying for Growth: Using Development Fees to Finance Infrastructure
- * Special- District Formation Among the States, by Barbara Coyle McCabe
- * The influence of Special District Governments on Public Spending and Debt, by Michael L. Marlow.

14. April 28

Development Impact Fees

Reading:

- * Chapters 1,3,7,23,24,25 and 28 in Development Impact Fees: Policy Rationale, Practice, Theory and Issues, edited by Arthur C. Nelson.
- * Do development impact fees reduce the rate of residential development?, by Skidmore, M., and M. Peddle.
- * The Effect of Impact Fees on the Price of New Single- Family Housing, by Mathur, S., Waddell, P., and Blanco, H.

Impact Fee Exercise Introduced (Due May 12)

Tax Increment Financing

Reading:

- * Weber, Rachel and Laura Goddeeris. 2007. *Tax Increment Financing: Process and Planning Issues*. Cambridge, MA: Lincoln Institute of Land Policy.

15. May 5

Presentation of Term Paper

(Guidelines for presentation will be handed out separately in class)

Final Term Paper due (bring a hard copy to class and also email at shishir.mathur@sjsu.edu with the subject line: "Name: 250 Term Paper")

16. May 12

Presentation of Term Paper

Impact Fee Exercise Due