

**Capital Financing and Budgeting**  
**PP 5317**  
**School of Public Policy**  
**University of Connecticut**  
*(subject to change)*

Fall 2023  
Classroom: HTB 227  
Monday 6:30-9:00 pm  
Office hour: Monday 4:00-5:30 pm or by  
appointment

Instructor: Dr. Jinhai Yu  
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### **Overview**

Most capital spending by state and local governments is financed using funds borrowed through the capital markets, typically in the form of income tax-exempt securities. The municipal bond market is a distinctive part of the overall capital markets, with its own institutions, participants, and practices. This course is designed to familiarize students with capital budgeting and the municipal bond market—and to expose them to key public policy and management issues. Specifically, the course will focus on capital budgeting, how the proceeds from municipal bonds are used, the types of securities and issuers, who the players are in the bond market, bond interest rates and credit rating process, disclosure, and ethical issues. The course focuses on long-term tax-exempt public debt; however, there will be some discussion of short-term debt.

### **Course Objectives**

After completing this course, students will be able to:

- Understand the capital budgeting processes
- Assess and recommend debt management policies
- Understand how the municipal bond market works and the factors influencing the demand and supply of municipal securities
- Understand theoretical and applied issues associated with capital budgeting and the municipal bond market
- Apply the concepts and tools to analyze a capital budgeting and financing issue

### **Readings**

The following textbooks are recommended:

Marlowe, Justin, William C. Rivenbark, and A. John Vogt. "*Capital budgeting and finance: A guide for local governments.*" (2014).

Securities Industry and Financial Markets Association (SIFMA), *Fundamentals of Municipal Bonds*, 6th Ed., Wiley, 2012.

All other readings are available on HuskyCT. Readings under “Background” and “Practice” are required. Readings marked with \* are reserved for student presentations and are required. All other readings are recommended only for students. However, they may be covered in the in-class lectures.

## Assignments

Description	Points
Participation	4
Paper briefs	10
Problem sets	30
Quizzes	26
Term paper	30
Total	100

## Grading Scale

Grade	Letter Grade	GPA
93-100	A	4.0
90-92	A-	3.7
87-89	B+	3.3
83-86	B	3.0
80-82	B-	2.7
77-79	C+	2.3
73-76	C	2.0
70-72	C-	1.7
67-69	D+	1.3
63-66	D	1.0
60-62	D-	0.7
<60	F	0.0

## Participation

I expect students to participate actively in class discussions. You can ask or respond to your peers and instructor's questions. By participating in class activities, each student contributes to achieving the course goals. Lectures will be focused on fundamental concepts or applications. They can be abstract. Ask a question. Slow the class down. You may be doing your classmates a favor if they have similar questions. *Note that you cannot participate if you do not attend class.*

## Paper briefs

Groups of *two* students will brief and present discussion articles during the semester. The discussion articles are marked with \* in the reading list. Students will be assigned discussion articles in the *first* week of class. The presentation should focus on the discussion articles, but the presenting group will also lead the discussion of the paper under "Practice" of the week. The presentation should be within 15 minutes, followed by a discussion session of 15 minutes. Students should make slides and submit them to HuskyCT within *two* days after the presentation.

In your presentation and discussion, you should address the following points:

- What are the research questions?
- What are the key arguments?
- What is the evidence for the arguments?

- What are the key results or findings?
- How are the issues/problems in the “Practice” paper related to the “Discussion” paper?
- What 2-3 questions do you want to lead the class to discuss?

The grading of this assignment will be based on how well your presentation and discussion address these questions.

### **Problem Sets**

The problem sets are for students to test and apply their knowledge. The problem sets will cover (1) the “Background” reading, (2) the “Research” reading marked with \*, (3) the “Practice” reading, and (4) the other “Research” readings, *as shown in the in-class lecture slides*. If we do not cover a “Research” reading, you will not see them in the problem sets or quizzes. The problem sets will ask students to explain key concepts, answer multiple-choice questions or true or false questions, solve analytical problems, or write short essays. Students are encouraged to work in groups for problem sets. But each student must make sure the submitted work is their own.

We will have six problem sets, five points each ( $6*5=30$  points). The problem sets will be distributed on HuskyCT bi-weekly on Thursdays. Students will have two weeks to complete each problem set. You may attempt a problem set *twice*. Your grade will be your highest score of the two attempts.

### **Quizzes**

There will be midterm and final quizzes, 13 points each ( $2*13=26$  points). The quizzes will include questions similar to those in the problem sets. Some questions from the problem sets might be repeated to help with student understanding. Thus, working on the problem sets will be a good way to prepare yourself for the quizzes. The quizzes will be on HuskyCT and are open-book/open-notes. *Students should complete the quizzes on their own*. Once started, students will have *2.5 hours* to complete each quiz. The quizzes will be distributed one week before the due date. You may attempt a quiz *twice*. Your grade will be your highest score of the two attempts.

### **Term Paper**

Groups of *two* students will work together to write a term paper (2500-3500 words, excluding references) that studies a specific topic of capital financing and budgeting.

- The group of two students may or may not be the same as the group for the paper briefing.
- Students should notify the instructor of the group composition by the *third* week of class.
- *While this is a team project, I will offer an opt-out option for students who prefer to work on it by themselves*. Students who choose to write the term paper without a partner must let me know by the third week of class. All requirements will be the same; there will be no extra credit or penalty for this choice.
- Grading of the term paper by a student team will be 80% of the term paper itself+20% of team evaluation. Grading of the term paper by an individual student will be 100% of the term paper. A team evaluation form will be distributed on HuskyCT.

The term paper must be related to a topic covered in this class. The term paper should compare the capital financing and budgeting practices of any two places: countries, states, counties, cities, school districts, or towns. Students must have the consent of the instructor on the topic before writing the term paper. The term paper must have an empirical component, ranging from simple descriptive statistics to an attempt to identify causal effects. The end product should be a well-written policy report or policy memo for an educated audience. The term paper should follow the typical style of a standard academic paper, using proper citations.

Specifically, your paper must address the following points:

- Speak to a specific topic covered in this class
- Define the research question clearly: What is it? Why is it interesting (Why should we care)? Why is it important (theoretically or practically)?
- Provide a concise literature review: What is known? What remains unknown? How will your paper contribute to the literature?
- Describe the problem/policy/program being compared: What is the focus of your comparison? Be specific.
- Collect first-hand or secondary data on the problem/policy/program: At a minimum, you should add some *new* empirical information.
- Analyze the data to compare the two entities of your choice: Conduct a descriptive or inferential data analysis
- Discuss the findings: What implications can we draw for theory and policy?

There are four parts to this assignment. First, by the ***third*** week of class, students should submit a one-page summary of the topic they choose for the term paper project. Students should address the research question, why it is important and interesting, which governments to compare, how to obtain data and the research plan. (5 points)

Second, students should submit a term paper draft by the ***tenth*** week of class. The draft should be between 1500-2500 words. The draft should show that students have progressed toward addressing the requirements listed above. (10 points)

Third, students must submit the paper by the ***last*** week of class. Students should incorporate the instructor's feedback into the final paper. (10 points)

Finally, students will present their papers in the ***last*** week of class. The presentation will be 10 minutes, followed by a Q&A session of 5 minutes. (5 points)

**Estimated Out-of-class Workload (14 weeks)**

<b>Activity</b>	<b>Description</b>	<b>Hours per activity</b>	<b>Total (Hours)</b>
Reading Assignments	60 pages per week	2	28
Term paper	1 term paper	15	15
Quizzes	2 quizzes	2.5	5
Problem sets	6 problem sets	1	6
Paper brief	1-2 presentations	3	5
Estimated workload		4.21 hours/week	

This estimate is necessarily arbitrary. But you should adjust your expectation of how much you need to contribute to this course if you expect a satisfactory performance. For instance, spending 1-3 hours per week is unlikely to be sufficient unless you are very productive in learning.

### **Late Assignments**

Late assignments will result in a 10% reduction in the grade. Please get in touch with me ahead of time if there are any special circumstances. No late assignments will be accepted after the last day of class in the semester. There are no exceptions to this final deadline.

### **Grievance Procedure**

*If you have any questions about your grade on an assignment, please wait until the next day after receiving your assignment before discussing the grade with me.* There are no exceptions to this policy.

If you wish to have an assignment re-graded, please let me know within *three* business days after you receive it. If you ask for a grade change, you must provide specific, concrete written evidence for your request. This process can lead to your grades increasing, decreasing, or staying the same. Generic concerns will not lead to a review of the grades. But I am happy to provide advice on how to improve in future assignments.

All questions should be emailed to [jinhai.yu@uconn.edu](mailto:jinhai.yu@uconn.edu). Please put the course number in the subject line. Make sure to use your university email address. As graduate students, your email should be written professionally. You can expect responses to questions within three business days. Grading and feedback will typically be returned within one week after the due dates.

### **Class Courtesy**

Each student contributes to learning by being courteous to his or her peers and the instructor. I expect students to behave as *responsible professionals*. For example, if you have a question, please raise your hands. Needless to say, whispering in class does not contribute to your own learning and is disruptive to your peers and the instructor.

Students should come to class on time and leave class when it is dismissed. Leaving early without legitimate reasons is disruptive to learning in the classroom. Students who expect to leave early should consult the instructor before class. Food or drink is allowed to the extent that it is not disruptive to others.

Laptops are allowed for note-taking only. Cell phones and all other electronic devices must be turned silent in class.

For more information, refer to “The Student Code” here: <https://community.uconn.edu/the-student-code-preamble/>. Also, please refer to “Policy Against Discrimination, Harassment and Related Interpersonal Violence” <https://policy.uconn.edu/2015/12/29/policy-against-discrimination-harassment-and-related-interpersonal-violence/>.

*Note that each instance of violation of this class courtesy will result in a 25% deduction from the participation score.*

### **Students with Disabilities**

Before the second week of class, please see me for academic accommodations for a documented disability. The University of Connecticut is committed to protecting the rights of individuals with disabilities and assuring that the learning environment is accessible. Students who require accommodations should contact the Center for Students with Disabilities, Wilbur Cross Building Room 204, (860) 486-2020, or <http://csd.uconn.edu/>. The University policy can be accessed here: <https://policy.uconn.edu/2011/05/24/people-with-disabilities-policy-statement/>.

### **Academic Integrity**

I expect the highest standard of academic integrity for each student. Cheating, plagiarism, or academic misconduct will not be tolerated. For instance, students should work on their own for the quizzes; failure to do so results in academic misconduct. For more information, students should consult the University's policy on scholarly integrity for graduate students at <https://policy.uconn.edu/2014/04/11/policy-on-scholarly-integrity-in-graduate-education-and-research/>.

### **Statement on Copyright**

My lectures, notes, handouts, and displays are protected by state common law and federal copyright law. They are my own original expression and I've recorded them prior or during my lecture in order to ensure that I obtain copyright protection. Students are authorized to take notes in my class; however, this authorization extends only to making one set of notes for your own personal use and no other use. I will inform you as to whether you are authorized to record my lectures at the beginning of each semester. If you are so authorized to record my lectures, you may not copy this recording or any other material, provide copies of either to anyone else, or make a commercial use of them without prior permission from me.

### **Disclaimer**

The instructor reserves the right to make changes to the syllabus. All changes will be announced on the course website on HuskyCT.

## Topics and Assignments at a Glance

(Assignments are due at 11:59 PM EST on the dates shown below)

Module	Date	Topic
	Week 1	Introduction <i>Paper brief assignment</i>
1	Week 2	Capital budgeting and time value of money
2	Week 3	Debt management policy <i>Term paper-topic summary due</i> <i>Problem set 1 distributed</i>
3	Week 4	Debt affordability
4	Week 5	Bond referenda <i>Problem set 2 distributed</i>
5	Week 6	The players and their roles in the municipal bond market
6	Week 7	Types of bond securities, Build America Bonds, and tax exemption <i>Problem set 3 distributed</i> <i>Midterm quiz distributed</i>
	Week 8	Open week for catching up or term paper <i>Midterm quiz due</i>
	Week 9	<b>Spring Break—have a great break!</b>
7	Week 10	Bond sale process <i>Term paper-first draft due</i>
8	Week 11	Bond ratings <i>Problem set 4 distributed</i>
9	Week 12	Bond interest rates
10	Week 13	Regulatory and disclosure requirements <i>Problem set 5 distributed</i>
11	Week 14	Ethics in the municipal bond industry <i>Problem set 6 distributed</i> <i>Final quiz distributed</i>
	Week 15	Student presentations <i>Final quiz due</i> <i>Term paper-final paper due</i>

## Readings and Weekly Plan

Dates are approximate. We might move somewhat faster or slower

<p>Week 1 <b>Introduction</b></p>	
<p>Week 2 <b>Capital budgeting and time value of money</b></p>	<p><i>Background</i> Mikesell, Chapter 7, “Capital budgeting, time value of money.”</p> <p><i>Research</i> Poterba, James M. "Capital budgets, borrowing rules, and state capital spending." <i>Journal of Public Economics</i> 56, no. 2 (1995): 165-187.</p> <p>Clingermyer, James C., and B. Dan Wood. "Disentangling patterns of state debt financing." <i>American Political Science Review</i> 89, no. 1 (1995): 108-120.</p> <p>Bifulco, Robert, Beverly Bunch, William Duncombe, Mark Robbins, and William Simonsen. "Debt and deception: How states avoid making hard fiscal decisions." <i>Public Administration Review</i> 72, no. 5 (2012): 659-667.</p> <p>*Marlowe, Justin. "Strategy, priority-setting, and municipal capital budget reform: Three cases from the great recession." <i>Journal of Public Budgeting, Accounting &amp; Financial Management</i> (2013).</p> <p><i>Practices</i> GFOA, Multi-Year Capital Planning, <a href="https://www.gfoa.org/materials/multi-year-capital-planning">https://www.gfoa.org/materials/multi-year-capital-planning</a></p>
<p>Week 3 <b>Debt Management Policy</b></p>	<p><i>Background</i> Mark Robbins and Bill Simonsen. “Municipal Securities.” <i>Encyclopedia of Public Administration and Public Policy</i>. New York. Marcel Dekker. pp. 795-799</p> <p><i>Research</i> Robbins, Mark D. and Casey Dungan. 2001. Debt Diligence: How States manage the Borrowing Function. <i>Public Budgeting and Finance</i>. (Summer). Pp. 88-105.</p> <p>Trautman, Rhonda Riherd. "The impact of State debt management on debt activity." <i>Public Budgeting &amp; Finance</i> 15, no. 2 (1995): 33-51.</p> <p>*Simonsen, Bill, Mark D. Robbins, and Bill Kittredge. "Do debt policies make a difference in finance officers' perceptions of the importance of debt management factors?." <i>Public Budgeting &amp; Finance</i> 21, no. 1 (2001): 87-102.</p> <p><i>Practice</i> GFOA. <i>Best Practice: Debt Management Policy</i>. <a href="http://www.gfoa.org/debt-management-policy">http://www.gfoa.org/debt-management-policy</a></p> <p>Washington Municipal Treasurers’ Association. <i>Debt Policy Certification Program:</i></p>



	<p><i>Sample Debt Policy.</i> <a href="http://www.wpta.us/cert_debt.html">http://www.wpta.us/cert_debt.html</a></p>
<p>Week 4 <b>Debt affordability</b></p>	<p><i>Background</i> Simonsen, Bill, Mark D. Robbins and Raymond Brown. Debt Affordability. <i>Encyclopedia of Public Administration and Public Policy</i> Marcel Dekker. Pp. 308-312.</p> <p><i>Research</i> Robbins, Mark D. and Bill Simonsen. 2012. Do Debt Levels Influence State Borrowing Costs? <i>Public Administration Review</i>. (July/August). 72(4): 498–505.</p> <p>Bartle, John, Kenneth A. Kriz, and Qiushi Wang. "Assessing Debt Affordability for Large Capital Projects: A Case Study." <i>Municipal Finance Journal</i> 29, no. 2 (2008): 1-20.</p> <p>Pew, Strategies for Managing State Debt, 2017, <a href="https://www.pewtrusts.org/en/research-and-analysis/reports/2017/06/strategies-for-managing-state-debt">https://www.pewtrusts.org/en/research-and-analysis/reports/2017/06/strategies-for-managing-state-debt</a></p> <p>*Douglas, Jennifer Ritter. 2000. Measuring Debt Capacity: The Washington County Experience. <i>Government Finance Review</i>. (August). Pp. 21-26.</p> <p><i>Practices</i> Miranda, Rowan and Ronald Picur. 2000. <i>Benchmarking and Measuring Debt Capacity</i>. GFOA, <a href="http://www.gfoa.org/sites/default/files/BenchmarkingAndMeasuringDebtCapacity_BudgetSeriesVolume1.pdf">http://www.gfoa.org/sites/default/files/BenchmarkingAndMeasuringDebtCapacity_BudgetSeriesVolume1.pdf</a> (Also includes Elements of a Comprehensive Debt Policy)</p> <p>CA, Debt affordability analysis, 2021, <a href="https://www.treasurer.ca.gov/publications/dar/2021.pdf">https://www.treasurer.ca.gov/publications/dar/2021.pdf</a></p>
<p>Week 5 <b>Bond referenda</b></p>	<p><i>Background</i> Zimmer, Ron, Richard Buddin, John Jones, and Na Liu. "What types of school capital projects are voters willing to support?" <i>Public Budgeting &amp; Finance</i> 31, no. 1 (2011): 37-55.</p> <p><i>Research</i> Rugh, Jacob S., and Jessica Trounstine. "The provision of local public goods in diverse communities: Analyzing municipal bond elections." <i>The Journal of Politics</i> 73, no. 4 (2011): 1038-1050.</p> <p>Brunner, Eric J., Mark D. Robbins, and Bill Simonsen. "Property Tax Information and Support for School Bond Referenda: Experimental Evidence." <i>Public Administration Review</i> 81, no. 3 (2021): 488-499.</p> <p>Yu, Jinhai, Xin Chen, and Mark D. Robbins. "Market Responses to Voter-Approved Debt." <i>National Tax Journal</i> 75, no. 1 (2022): 93-119.</p>

	<p>*Brunner, Eric; Robbins, Mark; and Simonsen, Bill. 2018. "Information, Tax Salience, and Support for School District Bond Referenda." <i>Public Budgeting and Finance</i>.</p> <p><i>Practice</i> Ely, Todd L., and Christine R. Martell. "Costs of Raising (Social) Capital Through Mini-Bonds." <i>Municipal Finance Journal</i> 37, no. 3 (2016).</p>
<p>Week 6 <b>The players and their roles in the municipal bond market</b></p>	<p><i>Background</i> Congressional Research Service, Tax-Exempt Bonds: A Description of State and Local Government Debt, <a href="https://sgp.fas.org/crs/misc/RL30638.pdf">https://sgp.fas.org/crs/misc/RL30638.pdf</a></p> <p><i>Research</i> Dougal, Casey, Pengjie Gao, William J. Mayew, and Christopher A. Parsons. "What's in a (school) name? Racial discrimination in higher education bond markets." <i>Journal of Financial Economics</i> 134, no. 3 (2019): 570-590. Butler, Alexander W. "Distance still matters: Evidence from municipal bond underwriting." <i>The Review of Financial Studies</i> 21, no. 2 (2008): 763-784. Moldogaziev, Tima T., and Martin J. Luby. "Too close for comfort: Does the intensity of municipal advisor and underwriter relationship impact borrowing costs?." <i>Public Budgeting &amp; Finance</i> 36, no. 3 (2016): 69-93. * Hildreth, W. Bartley. "State and local governments as borrowers: Strategic choices and the capital market." <i>Public Administration Review</i> 53, no. 1 (1993): 41-49.</p> <p><i>Practice</i> Sugden, John and Robin Prunty. 2012. The Top 10 Management Characteristics of Highly Rated U.S. Public Finance Issuers. <i>Government Finance Review</i>. (August) 45-50.</p>
<p>Week 7 <b>Tax exemption and Build America Bonds</b></p>	<p><i>Background</i> Hildreth, W. Bartley, and C. Kurt Zorn. "The evolution of the state and local government municipal debt market over the past quarter century." <i>Public Budgeting &amp; Finance</i> 25, no. 4s (2005): 127-153.</p> <p><i>Research</i> Drukker, Austin J., Ted Gayer, and Alexander K. Gold. "Tax-exempt municipal bonds and the financing of professional sports stadiums." <i>National Tax Journal</i> 73, no. 1 (2020): 157-196. Liu, Gao, and Dwight V. Denison. "Indirect and direct subsidies for the cost of government capital: Comparing tax-exempt bonds and build America bonds." <i>National Tax Journal</i> 67, no. 3 (2014): 569-593. Babina, Tania, Chotibhak Jotikasthira, Christian Lundblad, and Tarun Ramadorai.</p>

	<p>"Heterogeneous taxes and limited risk sharing: Evidence from municipal bonds." <i>The review of financial studies</i> 34, no. 1 (2021): 509-568.</p> <p>*Robbins, Mark D. and Bill Simonsen. 2010. "Build America Bonds." <i>Municipal Finance Journal</i>. 30(4): 53-77.</p> <p><i>Practice</i> Puentes, Robert; Sabol, Patrick; and Joseph Kane, Joseph. 2013. <i>Revive Build America Bonds (BABs) to Support State and Local Investments</i>. Washington, DC: Brookings.</p>
Week 8 <b>Open week for catching up or term paper</b>	Guest speakers on capital budgeting and finance TBD
Week 9	<b>Holiday-NO CLASS</b>
Week 10 <b>Bond sale process</b>	<p><i>Background</i> GFOA, DEBT 101: Issuing Bonds and Your Continuing Obligations, <a href="https://gfoaorg.cdn.prismic.io/gfoaorg/4b8e31cc-b010-4d4d-b804-ab12189aa6a8_Debt101IssuingBondsandYourContinuingObligations.pdf">https://gfoaorg.cdn.prismic.io/gfoaorg/4b8e31cc-b010-4d4d-b804-ab12189aa6a8_Debt101IssuingBondsandYourContinuingObligations.pdf</a></p> <p><i>Research</i> Simonsen, Bill, Mark D. Robbins, and Lee Helgerson. "The influence of jurisdiction size and sale type on municipal bond interest rates: An empirical analysis." <i>Public Administration Review</i> 61, no. 6 (2001): 709-717.</p> <p>Robbins, Mark D., and Bill Simonsen. "Missouri Municipal Bonds: The Cost of No Reforms." <i>Municipal Finance Journal</i> 36, no. 1 (2015).</p> <p>Ang, Andrew, Richard C. Green, Francis A. Longstaff, and Yuhang Xing. "Advance refundings of municipal bonds." <i>The Journal of Finance</i> 72, no. 4 (2017): 1645-1682.</p> <p>*Guzman, Tatiana and Temirlan Moldogaziev. 2012. "Which Bonds Are More Expensive? The Cost Differentials by Debt Issue Purpose and the Method of Sale: An Empirical Analysis." <i>Public Budgeting and Finance</i>. (Fall). pp: 79-101.</p> <p><i>Practice</i> GFOA. <i>Best Practice: Selecting and Managing the Method of Sale of Bonds</i>. &lt;<a href="http://www.gfoa.org/selecting-and-managing-method-sale-bonds">http://www.gfoa.org/selecting-and-managing-method-sale-bonds</a>&gt;</p>
Week 11 <b>Bond ratings</b>	<p><i>Background</i> White, Lawrence J. "Markets: The credit rating agencies." <i>Journal of Economic Perspectives</i> 24, no. 2 (2010): 211-26.</p> <p><i>Research</i> Adelino, Manuel, Igor Cunha, and Miguel A. Ferreira. "The economic effects of public</p>

	<p>financing: Evidence from municipal bond ratings recalibration." <i>The Review of Financial Studies</i> 30, no. 9 (2017): 3223-3268.</p> <p>Cornaggia, Jess, Kimberly J. Cornaggia, and Ryan D. Israelsen. "Credit ratings and the cost of municipal financing." <i>The Review of Financial Studies</i> 31, no. 6 (2018): 2038-2079.</p> <p>Cornaggia, Jess, Kimberly J. Cornaggia, and Ryan Israelsen. "Rating Agency Fees: Pay to Play in Public Finance?." <i>The Review of Financial Studies</i> (2022).</p> <p>* Palumbo, George, and Mark P. Zaporowski. "Determinants of municipal bond ratings for general-purpose governments: an empirical analysis." <i>Public Budgeting &amp; Finance</i> 32, no. 2 (2012): 86-102.</p> <p><i>Practices</i>  Moody's Investors Service. 2010. <i>Recalibration of Moody's U.S. Municipal Ratings to its Global Rating Scale</i>. (March)</p>
<p>Week 12  <b>Bond interest rates</b></p>	<p><i>Background</i>  Simonsen, Bill, Mark D. Robbins and Bernard Jump Jr. 2001. "Is TIC Always the Most Appropriate Cost of Capital Measure?" <i>Municipal Finance Journal</i>. Vol. 22. No. 2. pp. 1-13.</p> <p><i>Research</i>  Painter, Marcus. "An inconvenient cost: The effects of climate change on municipal bonds." <i>Journal of Financial Economics</i> 135, no. 2 (2020): 468-482.</p> <p>Butler, Alexander W., and Hanyi Yi. "Aging and public financing costs: Evidence from US municipal bond markets." <i>Journal of Public Economics</i> 211 (2022): 104665.</p> <p>Cornaggia, Kimberly, John Hund, Giang Nguyen, and Zihan Ye. "Opioid crisis effects on municipal finance." <i>The Review of Financial Studies</i> 35, no. 4 (2022): 2019-2066.</p> <p>* Simonsen, Bill, Mark D. Robbins, and Bernard Jump, Jr. "State Rules About the Use of Net Interest Cost and True Interest Cost for Calculating Municipal Bond Interest Rates." 2005. <i>Municipal Finance Journal</i> 26(1): 1- 25.</p> <p><i>Practice</i>  MSRB, <i>Understanding Yield Curves and Indices</i>, 2012</p>
<p>Week 13  <b>Regulatory and disclosure requirement</b></p>	<p><i>Background</i>  Hildreth, W. Bartley, Christopher Taylor, Lynnette Kelly, Robert Doty, and Rick A. Fleming. "The Past and Future of Municipal Securities: Fortieth Anniversary of the Municipal Securities Rulemaking Board." <i>Municipal Finance Journal</i> 37, no. 1 (2016).</p> <p><i>Research</i>  Gillette, Jacquelyn R., Delphine Samuels, and Frank S. Zhou. "The effect of credit ratings on disclosure: Evidence from the recalibration of Moody's municipal</p>

	<p>ratings." <i>Journal of Accounting Research</i> 58, no. 3 (2020): 693-739.</p> <p>Yu, Jinhai, Wenchi Wei, and J. S. Butler. "Fiscal transparency and government credit quality: Evidence from the US States." <i>Public Performance &amp; Management Review</i> 44, no. 2 (2021): 378-403.</p> <p>Gao, Pengjie, Chang Lee, and Dermot Murphy. "Municipal borrowing costs and state policies for distressed municipalities." <i>Journal of Financial Economics</i> 132, no. 2 (2019): 404-426.</p> <p>*Robbins, Mark D. and Bill Simonsen. 2010. The Quality and Relevance of Municipal Bond Disclosure: What Bond Analysts Think. <i>Municipal Finance Journal</i>. Vol. 31. No. 1. (Spring). pp.1-20</p> <p><i>Practice</i> GFOA. <i>Best Practice: Understanding Your Continuing Disclosure Responsibilities</i>. <a href="http://www.gfoa.org/understanding-your-continuing-disclosure-responsibilities-0">http://www.gfoa.org/understanding-your-continuing-disclosure-responsibilities-0</a></p>
<p>Week 14 <b>Ethics in the municipal bond industry</b></p>	<p><i>Background</i> Simonsen, Bill and Larry Hill, 1999. Municipal Bond Issuance: Is There Evidence of a Principal-Agent Problem? <i>Public Budgeting and Finance</i>. (Winter) Vol. 18. No. 4. pp. 71-100.</p> <p><i>Research</i> Butler, Alexander W., Larry Fauver, and Sandra Mortal. "Corruption, political connections, and municipal finance." <i>The review of financial studies</i> 22, no. 7 (2009): 2873-2905.</p> <p>Brown, Craig O. "The politics of government financial management: Evidence from state bonds." <i>Journal of Monetary Economics</i> 90 (2017): 158-175.</p> <p>Gao, Pengjie, Chang Lee, and Dermot Murphy. "Financing dies in darkness? The impact of newspaper closures on public finance." <i>Journal of Financial Economics</i> 135, no. 2 (2020): 445-467.</p> <p>*Ivonchyk, Mikhail. "The impact of Dodd–Frank on true interest cost of municipal bonds: Evidence from California." <i>Public Budgeting &amp; Finance</i> 39, no. 1 (2019): 3-23.</p> <p><i>Practice</i> Bloomberg, "Maine Quashes Wall Street Negotiated Deals Citing No Free Lunch", 2011, August 09</p>
<p>Week 15</p>	<p>Student presentations</p>