UP256/PP222: Transportation Economics, Finance, and Policy

Quarter: Fall 2015
Room: 4357, Public Affairs Building
Class sessions: Mondays and Wednesdays 12:30 - 1:45 pm
Instructor: Taner Osman
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Office: 6265 Public Affairs Building
Office hours: Mondays and Wednesdays: 2 – 4 pm

Course Description

Transportation systems are critical to most economic and social activities that we perform. Transportation enables the movement of raw materials to factories, labor to workplaces, inputs and outputs along supply chains, consumers to services, products to consumers, and enables us to visit friends, go to school, and grocery shop. This course explores two critical components of transportation systems: the finance of these systems, and the role they play in the economic performance of regions. Accordingly, this course is divided into two major parts. The first part explores the financial aspects of urban transportation policy and planning. The current funding mechanisms for transportation systems no longer meet our transportation budget requirements. This course will examine how we currently fund transportation, and, in view of existing shortfalls in transportation funding, will explore the efficiency and equity of alternative forms of raising revenue. The second part of the course explores the role that the transportation network plays in the performance of the economy. Ultimately, this course seeks to answer the following questions:

How should transportation finance responsibilities be divided among federal, state, regional, county and local jurisdictions?

Who pays for transportation systems, and how has funding for transportation systems evolved over time?

Is mobility a right that requires society to bear its full costs or a service for which users should pay directly?
What role does the transportation network play in the economic performance of regions?

How effective, efficient and equitable is the financing of transportation systems?

Assessment

Attendance and Participation: 10% of your final grade

3 Unannounced Quizzes (best 2): 10%

6 Critical Reading Summaries: 30%

Term paper: 50%

Attendance and Participation

The course consists of 19 class sessions that include both lectures and discussions. The required readings provide an overview of the topics covered in each session, while the lectures and discussions will focus on specific questions or a piece of research related to the topic. Regular attendance and participation in class is essential for linking the reading and lecture materials.

Unannounced Quizzes

Three times during class sessions, the instructor will distribute short quizzes consisting of questions taken directly from the required readings for that session. The questions will take less than five minutes to complete. Your top two scores will be used and your lowest score will be discarded. If you miss more than one quiz, no credit will be given for the additional missed quizzes.

Six Critical Summaries of the Required Reading

Counts for 30% of final grade (5% per paper)

Planners and policy analysts are frequently asked to synthesize detailed and sometimes technical work clearly and concisely, and critically analyze these findings. Accordingly, the critical summaries are designed to improve your critical writing skills in this regard. One way to think of these summaries is as though you are writing a policy brief to a city mayor. The critical summaries should: (1) summarize a topic area (what is congestion pricing?) explaining and introducing the mayor to a policy topic; (2) summarize what is known about the effectiveness of particular policies and (3) identify shortcomings in what we know about a subject and the challenges presented by the particular policy area (in this last part, you should provide an “editorial” view of the readings, namely, offer comments, criticisms, or insights on their collective content).

The summaries should be submitted in hard copy at the end of the session for which the
readings are required. You are not required to do any external research. Which six topics you choose is entirely up to you. The summaries should be about 750 to 1,000 words (~3 to 4 pages double-spaced) each, double-spaced with 1-inch margins and 12-point type. They should also clearly indicate the course topic being reviewed.

**Written Papers**

In addition to your critical summaries, you will also prepare a mid-length research paper on a topic of your own choosing, subject to approval by the instructor. In constructing your research paper, you should pose, investigate, and report on a specific transportation economics or finance question, ideally building on the topics covered in the course.

You need to submit a proposal for your paper for review and approval by the instructor. This prospectus should include (1) a ~100 word description of the question you expect to explore, (2) a ~250 word description of how you propose to go about gathering evidence (articles, books, data, interviews, etc.) to answer your question, and (3) a ~100 word description of what you expect to find. You should also include a one-page proposed outline of your paper and a preliminary bibliography. This prospectus will be returned with comments and suggestions for your final paper. **The prospectus is due at the end of week 4 and should be emailed to me.**

Your paper should run 4,000 to 6,000 words (16 to 24 double-spaced pages), not counting a one-page abstract and complete bibliography (both of which are required) or appendices (which are optional). Be sure to edit your work carefully and include tables, charts, and pictures to support your narrative as appropriate. As with the reading summaries, your research paper should be double-spaced with 1-inch margins and 12-point type.

**Please do not use laptops, tablets, or smart phones during class. The instructor hopes that you will participate fully in class discussions and the temptation to check email, Facebook, the New York Times, sports scores etc. is just too great!**
Weekly Topics and Required Readings

**Week 1**

**Monday, September 28:**
Course Overview

Student introductions, course outline and requirements, and brief in class video:

http://t4america.org/2015/03/11/if-you-see-nothing-else-this-spring-youve-got-to-watch-the-trailer-for-infrastructure/

(Please excuse the profanity!)

**Wednesday, September 30:**
**An Introduction to the Transportation and Public Finance Landscape in California**

Required readings:


Chapter 20, Transportation Finance and Planning


**Week 2**

**Monday, October 5:**
**An Overview and History of Surface Transportation Finance: Highways**

Required readings:


**Wednesday, October 7:**
**An Overview and History of Public Transit Finance**

Required readings:


**Week 3**

**Monday, October 12:**
**Fair Policy and Transit Ridership**

Required readings:


Wednesday, October 14:
The Current Crisis in Transportation Finance

Required readings:


Week 4

Monday, October 19:

Alternative Measures in Transportation Finance

*** No class on this day, we will arrange a make up session ***

Required readings:


Wednesday, October 21:

Mileage Based User Fees

*** Guest Lecture By Distinguished Professor Emeritus Martin Wachs ***

Required readings:
Week 5

Monday, October 26:
Road Pricing

Required readings:


Wednesday, October 28:
The High Cost of Free Parking

*** Guest Lecture By Distinguished Professor Emeritus Donald Shoup ***

Required readings:


Week 6

Monday, November 2:
What Determines the Economic Performance of Regions?

Required readings:


**Wednesday, November 4:**

**The role of transportation in economic performance**

**Required readings:**


**Week 7**

**Monday, November 9:**

**Inter-Regional Trade and Declining Transportation Costs**


**Wednesday, November 11:**

*** No Class. Veterans Day Holiday ***
**Week 8**

**Monday, November 16:**
Transportation Investment and Local Economic Development

Required readings:


Recommended:


**Wednesday, November 18:**
Traffic Congestion and Economic Performance

Required readings:


**Week 9**

**Monday, November 23:**
An Overview of High Speed Rail Financing in California

Required readings:


California High Speed Rail Authority, High Speed Rail Funding and Finance, May 2013, 2 pages.


**Wednesday, November 25:**
**Externalities and the Full Social Costs of Transportation**

***Guest Lecture By Professor Brian Taylor***

Required Readings:


**Week 10**

**Monday, November 30:**
**Equity and Politics in Public Transportation Finance**

Required Readings:


**Wednesday, December 2:**

**Course Summary**