

Microeconomics for Public Policy
Policy Project-Group Assignment

OBJECTIVE

This assignment is designed to provide an apprenticeship experience of analyzing policy situations using the economic and policy analysis tools. After the MPA/MPP program, students who work in government and nonprofit organizations are often required to prepare and present projects of this kind. Thus, this project has three primary objectives:

- Analytically examine different policy situations while paying due attention to the issues of equity, fairness, and feasibility.
- Practice working in small groups since most of the professional projects require working in groups.
- Practice writing of the policy memorandums and present research/analysis in a professional way.

GRADING

As mentioned in the syllabus, this assignment contributes 20 points to the final grade. The 20 points are divided into two categories. Grading rubrics for presentation and memo are attached.

Class Presentation	:	10 points
Policy Memorandum	:	10 points

DATES:

Policy Project Sign Up	:	February 24, 2016
Class Presentations	:	April 13 and April 20
Final Memo Due	:	April 27

STRUCTURE:

In the next section, there are ten open-ended policy problems that require some investigation, and then the analysis has to be communicated to a client. In most of the topics, we can see the application of the economic concepts like supply and demand, price determination, taxes, subsidies, market failures, public goods, externalities, price-controls, information asymmetry, etc. The final memo should include an executive summary, background of the issue, brief analysis, and recommendations. The project does not require the collection of primary data but will use information from secondary sources. You have to present the recommendations to the client and submit a 3-5 page single-spaced memo (excluding tables, figures, and appendix).

ASSIGNMENT

You work in the Public Policy Division of a think tank that advises governments, nonprofits, and businesses on different issues. This month the Director has assigned your three-member team a policy situation and has asked you to submit a policy memorandum and present the findings to the mentioned client(s). Your policy memorandum should lay out the background of the situation, analyze the issue from an analytical perspective, and provide recommendations.

(1) A \$15 minimum wage in Seattle

The minimum wage has been a widely debated issue during the 2016 presidential campaigns. Last year, Seattle Minimum Wage Ordinance went into effect on April 1, 2015, which provides for an increase in minimum wage in the City of Seattle to \$15 an hour. The critics of the \$15 wage have cited a reduction in available jobs as the key argument against minimum wage. However, supporters such as worker unions have praised the move. Assume that the Seattle City Council wants your organization to undertake a review of Seattle's experience of minimum wage increase and submit a memorandum that includes recommendations on whether the city should continue with the plan. In the discussion, include a review of the arguments for and against the minimum wage.

(2) Congestion Pricing in New York

In 2007, Mayor Michael Bloomberg proposed congestion pricing in New York City to ease traffic in Manhattan. The key component of the proposal included an \$8.00 fee for each car trip into Manhattan during peak hours. However, the proposal was not adopted by the legislature. Congestion pricing has been used in several other cities (like London and Stockholm), and most studies indicate that the pricing mechanism was successful in reducing congestion. The congestion pricing proposal for New York is back in the news since the de Blasio administration has been grappling with vehicular traffic in Manhattan. Furthermore, advocates of public transit programs suggest that the revenues could be used to fund improvements in public transportation. Assume that your division has received a request from the Office of the Mayor to analyze the congestion pricing proposal for New York.

(3) Film Tax Credits in Georgia

The State of Georgia provides tax credits for the production of films, television series, etc. Such tax credits have been criticized by several experts while others say they are an effective tool for promoting economic development and job creation. Assume that the Governor will be reviewing this program and will make a decision on whether to continue the tax credit or not. Your division has received a request from Georgia Department of Economic Development to analyze this issue and come up with a set of recommendations. In your discussion, you have to include the economic rationale for such tax incentives. Several other states also extend such tax incentives for film producers so you can draw on the experience of other states that offer similar tax incentives.

(4) Tax Incentives on Zero and Low Emission Vehicles in Georgia

In 1998, the State of Georgia adopted three income tax credits for the purchase of low- and zero-emission vehicles that included a credit of \$2,500 and \$5000, respectively. Owing to this credit, the Atlanta Metropolitan Area became the second largest market in the U.S. for electric vehicle sales. However, the Transportation Funding Act of 2015 eliminated these tax credits. The proponents of these tax incentives have highlighted the environmental and pollution benefits of such tax credits while the critics suggest that such programs are an unnecessary fiscal burden and lead to loss of government revenue from gas tax. Assume that the legislature wants to reconsider these tax credits and asked your division to examine the economic arguments and make recommendations on the continuation of these benefits.

(5) Tax Incentives to Improve Food Access in Baltimore

The Food Deserts are the areas that have limited access to affordable and nutritious food, especially in poorer neighborhoods. In a report to the Congress, the Department of Agriculture highlighted that lack of access to affordable and nutritious foods is a major public health problem that can worsen food insecurity and obesity. Several cities are now trying to improve the food access in low-income communities and several proposals have been discussed. In 2015, Baltimore Mayor Stephanie Rawlings-Blake introduced a proposal to offer 10-year tax breaks to supermarkets in areas with low access to fresh foods. Assume that a review committee has asked you to examine this issue in more detail, focusing on the economic arguments, normative considerations and experience of other local governments.

(6) Soda Taxes, Negative Externalities, and Public Health

In the last few years, there has been a substantial increase in the number of jurisdictions that imposed some form of taxes on sugary drinks. Several public health researchers highlight that such policy instruments can be effective in dealing with the public health challenges like obesity. However, it is unlikely that the federal government will be able to take any major step in this direction. Thus, the activists and public health practitioners have approached state and local governments to take initiatives like imposing a tax on sugary drinks. In this context, assume that the Governor has asked your division to prepare a memorandum on this issue in the context of Georgia.

(7) Sander's Plan for Free Tuition

During his presidential campaign, Senator Sanders has proposed to make tuition free at public colleges and universities. The proposal has been widely discussed in the media and has found both supporters and critics. Your division has been asked to undertake a non-partisan review of the proposal and consider the economic as well as normative arguments. In your analysis, you can also consider the feasibility of the plan and possible long term implications. You would be presenting the analysis to a non-partisan committee, and your memorandum may also be sent to all the presidential campaigns.

(8) Charter Schools and Competition in Georgia

One of the key debates in education policy is improving the outcomes of traditional public schools by introducing competition. In the United States, the education reform debate has paid significant attention to Charter schools, but with vastly divided opinions. The supporters argue that charter schools infuse competition in the public sector while the critics argue that charter schools skim good students and adversely affect the resources available to public schools. The education reform in Georgia has emphasized on charter schools and currently the state has 115 charter schools (<http://www.publiccharters.org>). Assume that the Governor wants to review whether the charter schools based education reforms is the way to go forward. Your division has been asked to examine the economic arguments and evidence on why charter schools promote competition and propose recommendations based on your analysis.

(9) Competition, Monopoly, and Regulation in the Cable Industry

In 2014, Comcast Corporation announced its plans to acquire Time Warner Cable for \$45 billion. However, after a lot of speculation in the market and scrutiny by the regulators, the deal was finally abandoned in 2015. Assume that your division receives a request to examine this merger from the Antitrust Division of the Department of Justice. In your analysis discuss the market for cable in the United States and the economic arguments that allow or prohibit such mergers. Make recommendations based on your analysis.

(10) Patent Protection for HIV drugs

Medecins Sans Frontieres (MSF) is a non-profit organization that extends medical care to people caught in difficult circumstances around the world. The organization argues for affordable access to essential drugs and removing patent protection on certain medicines. In 2013, in a policy brief they highlighted that “the price of first- and second-line antiretrovirals (ARVs) to treat HIV are falling because of increased competition among generic producers, but newer ARVs continue to be priced astronomically high” (<http://www.msf.org/article243/generic-competition-pushing-down-hiv-drug-prices-patents-keep-newer-drugs-unaffordable>). MSF has asked your division to prepare a memorandum and argue their case in a congressional hearing. In your analysis, you should consider the economic as well as normative arguments for and against the patent protection of HIV and other essential drugs.

(11) Design your own project

If you are interested in working on some other project then follow these steps:

- (a) Form a group of three students.
- (b) Write a paragraph about the topic, and get it approved from me by March 2.
- (c) Your topic should be policy relevant, and there should be a potential to apply some microeconomic concept.