



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

PADM-GP.2147.001

CORPORATE FINANCE AND PUBLIC POLICY

Spring 2025

Instructor Information

- Professor Thad Calabrese
- Email: thad.calabrese@nyu.edu

Office Hours: Thursdays, 2:30-4:30 pm (book [here](#))

Course Information

- Class Meeting Times: Tuesday, 4:55-6:35
- Class Location: 105 East 17th Street, Room 104
- Course Prerequisites
 - ✓ CORE-GP.1018-Microeconomics
 - ✓ CORE-GP.1021-Financial Management
 - ✓ There are a lot of formulas in the class and we will learn how to calculate almost all of them in spreadsheet programs Therefore, we will hone our spreadsheet skills together!!!
 - ✓ A computer or other device that can run a spreadsheet program.

Course Description

This course introduces students to the main areas of corporate finance and how they relate to the management of public service organizations as well as policy issues. The course covers topics in the three main areas of corporate finance: 1) capital structure (financing choices), 2) valuation (project and organizational), and 3) governance. Fundamentally, corporate finance is concerned with the financial decision-making of organizations. The material in this course frequently takes the point of view of a for-profit enterprise, but the topics also largely apply to public service organizations. Therefore, we will apply these topics to public service organizations wherever possible. However, it is also important to understand how firms make financial decisions and how public policies influence (or not) these decisions.



NYU | WAGNER

Course Format

This course is designed for your self-study of the theoretical material as introduced in the textbook. Homework problems will be assigned regularly to strengthen concept learning.

Course and Learning Objectives

| Course Learning Objectives | Corresponding Assignment Title |
|---|---|
| Understand core concepts and mechanics of corporate finance | ➤ Homework Assignments ➤ Midterm and Final Exams |
| Develop ability to apply corporate finance concepts to management and decision making, including public service organizations | ➤ Case Study Analysis |
| Learn to assess public policy implications on corporate finance considerations | ➤ Policy Paper |

Course Materials

Damodaran, Aswath, *Applied Corporate Finance, 4th Edition*, Wiley Publishing, ISBN: 978-1-119-08187-6, 2015.

This book will be delivered to you digitally. You will receive an email from “Brytewave” with the instructions for accessing the material. The cost of the book is \$44.25, which will be added as a book charge to your bursar bill. If you choose to find your course materials elsewhere, you must login [here to the student portal](#) and opt out of the program by **February 5th**. **If you do not opt out by this date, you will be charged.**

Assessment Assignments and Evaluation

Your course grade will be determined as follows:

1. **Homework Assignments: 40%.** There will be six (6) assignments during the semester. Four are worth 8 points, and the other 8 points are divided between 2 assignments. While 80% of the grade for the assignment will be based on completion, 20% will be based on whether you arrived at the right answer.
2. **Public Policy Paper: 25%.**
3. **Case Study: 15%.** Students will complete one case study, which is due by Class 10.

4. Final Exam: 20%. The final exam will be in-class and focus on concepts rather than calculations. There is no remote option for the final exam. If you are unable to attend the final exam, I would not recommend registering for the course.

While participation in class is not graded explicitly, we all benefit if all students participate, so please do all readings prior to class, attend class, contribute to the discussion, be naturally inquisitive, and not content to be confused. As a final reminder, there is no remote or hybrid option for attending class.

Public Policy Paper

Identify a government policy enacted over the last decade or under consideration currently that has had (or would have) an impact on corporate finance in the country of your choice. The policy should relate to capital investment. The policy can be either U.S. or non-U.S. You should discuss the policy with me briefly before beginning – I have included a non-graded topic submission around week 9. In selecting a relevant policy, you may wish to consider, in particular, factors beyond management control that influence the cost of capital such as:

- 1) interest rates,
- 2) market risk premiums, or
- 3) tax rates.

Your paper should be no more than 5 pages in length, double spaced, and cover the following:

- 1) Executive summary,
- 2) Description of the policy enacted or under consideration,
- 3) History of the policy including economic circumstances leading to its consideration,
- 4) Explanation of how the policy's enactment has or could impact some aspect of corporate finance;
- 5) A consideration of second-order (unintended) effects of the policy change.

I am happy to discuss your paper in advance. I will not read multiple drafts of your paper and keep providing edits until you achieve the grade you desire, however.

Late Submission Policy for Student Deliverables

Late submissions will not be accepted.

Reminders—Quantitative-formulas and equations, Common Sense, A Way of Thinking

You will draw on some of the things that you have already learned about nonprofits, health organizations and government. As you may recall, financial management is universal—the basic analysis that we will do in corporate finance overlaps with the several skills to which you have already been exposed. In corporate finance, the key questions are a little different but the underlying quantitative skills are the same.

Overview of the Semester

Deliverables due by 4:00 PM on the day of class unless another date or time is noted. Deliverables must be submitted to Brightspace. Do not email assignments to the instructor.

| Week | Date | Topic | Deliverable Due Before Class |
|---------|------|---|--|
| Class 1 | 1/21 | Preface and Review of Statistics, Financial Accounting, and Time Value of Money | 1. Read Damodaran , Preface and Appendix 1, 2, and 3. |
| Class 2 | 1/28 | The Foundations and Objectives (including Governance) | 1. Read Damodaran , Chapter 1-The Foundations Also read: Steinberg and Galle 1-30 (posted on Brightspace), Levine (posted on Brightspace). 2. Submit Assignment 1. |
| Class 3 | 2/4 | The Objective of the Organization (including Governance) | 1. Read Damodaran , Chapter 2-The Objective in Decision Making 2. Also read: https://fortune.com/recommends/investing/what-is-esg-investing/ ; https://www.forbes.com/advisor/investing/esg-investing/ ; https://hbr.org/2022/08/esg-investing-isnt-designed-to-save-the-planet |
| Class 4 | 2/11 | Measuring Risk | 1. Read Damodaran , Chapter 3-The Basics of Risk (up to page 69) |
| Class 5 | 2/25 | The Investment Decision: <i>The Hurdle Rate</i> | 1. Read Damodaran , Chapter 3-The Basics of Risk (from page 75 to end) 2. Submit Assignment 2. |
| Class 6 | 3/4 | The Investment Decision: <i>The Hurdle Rate and Costs of Capital</i> | 1. Read Damodaran , Chapter 4-Risk Measurement and Hurdle Rates in Practice (skip pages 108-137). 2. Read the 3 readings posted on Brightspace |
| Class 7 | 3/11 | The Investment Decision: <i>The Return</i> | 1. Read Damodaran , Chapter 5-Measuring Return on Investments (just skim section on Probabilistic Approaches) 2. Submit Assignment 3. |



| Week | Date | Topic | Deliverable Due Before Class |
|----------|------|---|--|
| Class 8 | 3/18 | The Investment Decision: <i>The Return, continued</i> | <ol style="list-style-type: none"> 1. Read Damodaran, Chapter 6-Project Interactions, Side Costs, and Side Benefits (skip pages 255-266) 2. Be prepared to discuss the mini case posted on Brightspace |
| Class 9 | 4/1 | Application – Cash Flow Estimation and Spreadsheet Analysis | <ol style="list-style-type: none"> 1. Prepare and submit in-class case exercise (posted on Brightspace) 2. Submit Assignment 4. |
| Class 10 | 4/8 | Application – Cash Flow Estimation and Sensitivity Analysis | <ol style="list-style-type: none"> 1. Submit case study |
| Class 11 | 4/15 | The Financing Decision: <i>The Optimal Mix</i> | <ol style="list-style-type: none"> 1. Read Damodaran, Chapter 7-Capital Structure: Overview of the Financing Decision |
| Class 12 | 4/22 | The Financing Decision: <i>The Optimal Mix</i> | <ol style="list-style-type: none"> 1. Read Damodaran, Chapter 8-Capital Structure: The Optimal Financial Mix (skip pages 376-381) 2. Submit Assignment 5. |
| Class 13 | 4/29 | The Financing Decision: <i>The Right Kind</i> | <ol style="list-style-type: none"> 1. Read Damodaran, Chapter 9-Capital Structure: The Financing Details, Choosing the Right Financing Instruments (focus on pages 395-411) |
| Class 14 | 5/6 | The Dividend Decision: <i>How Much Cash and How You Choose</i> and Review | <ol style="list-style-type: none"> 1. Read Damodaran, Chapter 10-Dividend Policy and Chapter 11-Analyzing Cash Returned to Stockholders (skim chapters just to have a sense of the major issues) 2. Submit Policy Paper. |
| Class 15 | 5/13 | Final Exam | |

Letter Grades

Letter grades for the entire course will be assigned as follows:

| Letter Grade | Number | Points |
|--------------|---------|------------|
| A | > 93 | 4.0 points |
| A- | 90 – 93 | 3.7 points |
| B+ | 87 – 90 | 3.3 points |
| B | 83 – 87 | 3.0 points |
| B- | 80 – 83 | 2.7 points |
| C+ | 77 – 80 | 2.3 points |
| C | 73 – 77 | 2.0 points |
| C- | 70 – 73 | 1.7 points |
| F | < 70 | 0.0 points |

Student grades will be assigned according to the following criteria:

- (A) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
- (A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
- (B+) Good: Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.
- (B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete.

Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.

- (B-) Borderline: Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”
- (C/-/+) Deficient: Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
- (F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

NYU Brightspace

All announcements, resources, and assignments will be posted on the NYU Brightspace site. I may modify assignments, readings, due dates, and other aspects of the course as we go through the term with advance notice provided as soon as possible through the course website.

Technology Support

Students have 24/7 support to NYU’s IT services. Explore the [NYU servicelink knowledgebase](#) for troubleshooting and student guides for all NYU-supported tools (like NYU Brightspace, Zoom, etc). Contact askIT@nyu.edu or 1-212-998-3333 (24/7) for technology assistance, or you may contact [Zoom’s 24/7 technical support](#) (this includes a chat function), or Review [Zoom’s support resources](#).

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner’s Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with me.

Artificial Intelligence-Chat GPT, *et al.*

Since this is a course where you are required both to independently calculate financial information and then make decisions about whether to invest or pursue a project, tools like Chat GPT are not likely to improve your understanding of the materials nor hone the skills you will need to succeed in this course. Nonetheless, I think it is important to note that although you are welcome to use generative AI tools to brainstorm in the early phases of an assignment (i.e., to ensure you understand how to calculate an effective monthly interest rate), you are expected to produce the assignments themselves on your own. Taking credit for work you did not create is a violation of NYU's Academic Integrity policy. The assignments have been designed around tasks or outputs the tools do not perform well, and your work will be graded down, perhaps substantially, if it fails to meet those expectations *regardless of how it was created*.

Henry and Lucy Moses Center for Student Accessibility

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Student Accessibility website](#) and click the "Get Started" button. You can also call or email (212-998-4980 or mosescsa@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.

NYU's Wellness Exchange

[NYU's Wellness Exchange](#) has extensive student health and mental health resources. A private hotline (212-443-9999) is available 24/7 that connects students with a professional who can help them address day-to-day challenges as well as other health-related concerns.

Student Resources

Wagner offers many [quantitative](#) and [writing](#) resources as well as [skills workshops](#). The library offers a variety of [data services](#) to students.