



**NYU**

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

**PADM-GP.2147.001**

# **CORPORATE FINANCE AND PUBLIC POLICY**

**Spring 2024**

## **Instructor Information**

- ✦ Professor Andrea Armeni
- ✦ Email: [andrea.armeni@nyu.edu](mailto:andrea.armeni@nyu.edu)
- ✦ Office Location: Puck Building, 295 Lafayette Street, Room 3068
- ✦ Office Hours: Wednesdays, 4:00 PM – 5:00 PM or by appointment. To the extent possible, please let me know in advance if you plan to come to office hours

## **Course Information**

- ✦ Class Meeting Times: Tuesday, 4:55-6:35
- ✦ Class Location: 238 Thompson Street, Room 265

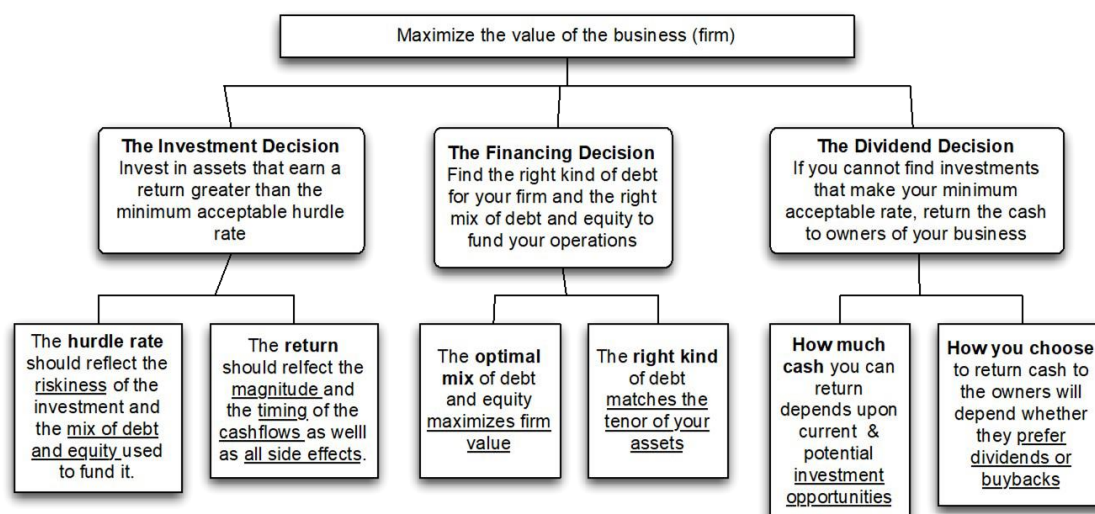
## **Course Prerequisites**

- ✦ CORE-GP.1018 - Microeconomics
- ✦ CORE-GP.1021 - Financial Management
- ✦ Accounting is not a prerequisite, but students may want to familiarize themselves with some basic accounting principles.
- ✦ Ability to handle algebra and arithmetic, not higher math. There are some formulas in the class and we will learn how to calculate almost all of them in Excel. Don't worry, we will hone our Excel skills together!
- ✦ A computer or other device that can run Excel

## Course Description

This course introduces students to the main areas of corporate finance and how they relate to policy issues. The course organizes the underlying topics in the three main areas of corporate finance: 1) investment decisions; 2) financing decisions; and 3) dividend decisions.

The chart below illustrates the core topics as organized into those three areas, from our textbook:<sup>1</sup>



## Course Format

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

Case studies will be used to help students understand the practical application of the corporate finance theories introduced in the course. The case analysis will enable students to understand practical applications of the corporate finance theories introduced in the course.

Where possible, we will incorporate discussion of corporate finance in the context of social enterprises and the global economy, as well as events occurring in real time during the semester.

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 that you have already been exposed to. In corporate finance, the key questions are a little different, but the underlying quantitative skills are the same. In

<sup>1</sup> Damodaran, A., Applied Corporate Finance, 4th Edition, 2015

particular, your knowledge of basic accounting and financial management skills will be honed with topics including:

- ✦ valuing bonds,
- ✦ assessing the viability of capital projects,
- ✦ balance sheets,
- ✦ inventory valuation,
- ✦ income statements,
- ✦ depreciation calculations,
- ✦ earnings per share,
- ✦ statements of cash flows,
- ✦ effects of accounting transactions, and
- ✦ common-size ratio analysis.

## Course and Learning Objectives

Objectives	Corresponding Assignment Title
Understand core concepts and mechanics of corporate finance	<ul style="list-style-type: none"> <li>☐ Homework Assignments</li> <li>☐ Midterm and Final Exams</li> </ul>
Develop the ability to apply corporate finance concepts to management and decision making	<ul style="list-style-type: none"> <li>☐ Case Study Analysis, Weekly Discussion</li> </ul>
Learn to assess implications of public policy on corporate finance considerations	<ul style="list-style-type: none"> <li>☐ Weekly Discussion, Policy Paper</li> </ul>

## Course Materials

1. Damodaran, Aswath, **Applied Corporate Finance, 4th Edition**, Wiley Publishing, ISBN: 978-1-119-08187-6, 2015.
2. Required Course Pack: A coursepack will be assigned for your purchase after Class 2. (Cost: under \$20.00).

## Assessment and Evaluation

You are expected to come to class prepared. 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 don't be content to be confused. Since everyone should have a chance to participate in class, if you don't speak up voluntarily, I may call you on.

Your course grade will be determined as follows:

1. **Active Participation: 15%.** Participation will be measured by the quantity and quality of your participation in class that shows that you are prepared, curious, and interested in the materials, as well as your participation in group work.
2. **Homework Assignments: 40%.** There will be five (5) assignments during the semester, each worth 8% of your grade.
3. **Semester-Long Company Team Project: 25%.** To ensure your engagement in the course materials and to maximize your fun and love of learning, you will work with a team of 3-4 people. By Class 3, you will be required to choose a company to analyze, collect background information, and understand the company narrative. Additional information and due dates will be provided during the semester. You will have an opportunity to present your company during the last two classes of the semester.
4. **Final Exam: 20%.**

## Late Submission Policy for Assignments

Extensions will be granted only in case of emergency, out of respect to those who abide by deadlines despite equally hectic schedules. Late submissions without approved extensions will be penalized up to 10% per 24-hour period.

## Overview of the Semester

\*\* Tasks and Deliverables are due by 4:30 PM on class day, unless another date is noted.

Class	Date	Topic	Tasks and Deliverables
1	1/23	Course Introduction; The Foundations of Corporate Finance	<ol style="list-style-type: none"><li>1. <b>Complete</b> the "Introduce Yourself" Google Sheet posted in Brightspace (within the first week)</li><li>2. <b>Read</b> Damodaran, Preface and Chapter 1 - The Foundations (within the first week)</li></ol>
2	1/30	Maximizing the Value of the Business	<ol style="list-style-type: none"><li>1. <b>Read</b> Damodaran, Chapter 2 - The Objective in Decision Making</li></ol>

3	2/6	The Investment Decision: The Hurdle Rate	<ol style="list-style-type: none"> <li>1. <b>Come prepared</b> to discuss the question on stockholder wealth transfer posted in Brightspace at the end of Class 2</li> <li>2. <b>Read</b> Damodaran, Chapter 3 - The Basics of Risk</li> <li>3. <b>Submit</b> Company Choice for Ongoing Semester-Long Analysis (see details in Brightspace)</li> </ol>
4	2/13	The Investment Decision: The Hurdle Rate, continued	<ol style="list-style-type: none"> <li>1. <b>Submit your answers</b> to Chapter 3, Questions 1, 2, 4, 10, and 13 on Brightspace using the template provided. <b>Assignment #1.</b></li> <li>2. <b>Read</b> Damodaran, Chapter 4 - Risk Measurement and Hurdle Rates in Practice</li> </ol>
5	2/20	The Investment Decision: The Return	<ol style="list-style-type: none"> <li>1. <b>Submit your answers</b> to Chapter 4, Questions 1, 7, 8, and 17 on Brightspace using the template provided. <b>Assignment #2.</b></li> <li>2. <b>Read</b> Damodaran, Chapter 5 - Measuring Return on Investments</li> </ol>
6	2/27	The Investment Decision: The Return, continued	<ol style="list-style-type: none"> <li>1. <b>Read</b> Damodaran, Chapter 6 - Project Interactions, Side Costs, and Side Benefits</li> </ol>
7	3/5	The Financing Decision: The Optimal Mix	<ol style="list-style-type: none"> <li>1. <b>Submit your answers</b> to Chapter 5 and Chapter 6 questions posted in Brightspace. <b>Assignment #3.</b></li> <li>2. <b>Read</b> Damodaran, Chapter 7 - Capital Structure: Overview of the Financing Decision</li> </ol>
8	3/12	The Financing Decision: The Optimal Mix	<ol style="list-style-type: none"> <li>1. <b>Read</b> Damodaran, Chapter 8 - Capital Structure: The Optimal Financial Mix</li> </ol>
<b>March 19, 2024—NO CLASS SPRING BREAK</b>			
9	3/26	The Financing Decision: The Right Kind	<ol style="list-style-type: none"> <li>1. <b>Read</b> Damodaran, Chapter 9 - Capital Structure: The Financing Details, Choosing the Right Financing Instruments</li> </ol>
<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>Tasks and Deliverables</b>
10	4/2	The Dividend Decision: How Much Cash	<ol style="list-style-type: none"> <li>1. <b>Submit your answers</b> to Chapter 7 and Chapter 8 questions posted in Brightspace. <b>Assignment #4.</b></li> <li>2. <b>Read</b> Damodaran, Chapter 10 - Dividend Policy</li> </ol>
11	4/9	The Dividend Decision: How You Choose	<ol style="list-style-type: none"> <li>1. <b>Read</b> Damodaran, Chapter 11 - Analyzing Cash Returned to Stockholders</li> </ol>
12	4/16	Maximizing the Value of the Business, Revisited	<ol style="list-style-type: none"> <li>1. <b>Submit your answers</b> to Chapter 10 and Chapter 11 questions posted in Brightspace. <b>Assignment #5.</b></li> <li>2. <b>Read</b> Damodaran, Chapter 12 - Valuation: Principles and Practice</li> </ol>
13	4/23	Alternative forms of Corporate Governance and their impact on Corporate	<ol style="list-style-type: none"> <li>1. <b>Read</b> the materials posted in Brightspace</li> <li>2. <b>Submit your firm information packet</b> in Brightspace.</li> </ol>

		Finance	
14	4/30	<b>Catch-Up Time</b>	

## 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

### 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 Brightspace. I may modify assignments, readings, due dates, and other aspects of the course as we go through the term with 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](mailto:askIT@nyu.edu) or 1-212-998-3333 (24/7) for technology assistance, or contact [Zoom's 24/7 technical support](#) (this includes a chat function).

Don't forget, your peers are another source of support. Ask a classmate for help or tips.

## 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 (ie. 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](mailto: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.

## Class Policies

I will try my hardest to answer emails within 24-48 hours, but not on weekends. I will also try to get you feedback on assignments or post an answer key within 10 days after submission.

Note Wagner’s [incomplete policy](#) and [course withdrawal policy](#).

As is true in the real world, unforeseen things may come up during the course of the semester for you, and for me. I hope you will be flexible and understanding in the event that we need to make changes during the semester, including pivoting to Zoom if needed. I thank you in advance for your understanding and I promise you will have my understanding, compassion, and flexibility.