

University of Texas at Dallas  
School of Economic, Political and Policy Sciences  
Program in Public and Nonprofit Management

**PA 7360 – Advanced Fiscal and Budgetary Policy**  
Spring 2023, Wednesday, 7:00 pm – 9:45 pm, AD 2.216

Professor: Eugenia Gorina, [egorina@utdallas.edu](mailto:egorina@utdallas.edu)  
Office hours: by appointment via [Calendly](#)

## Course Description

The course offers students an overview of key concepts and debates in the financial administration of the national and subnational governments in the U.S. It introduces students to the theory of public finance, examines principles of fiscal policy and budgeting at different levels of government, and discusses administrative environments in which public financial decisions take place. The course provides students with an understanding of tradeoffs involved in policy choices and prepares them for an analysis of changes in fiscal and budgetary policy at different levels of government.

Upon completing the course successfully, students will:

- Understand key roles of government in the economy.
- Distinguish between taxation principles and tradeoffs in fiscal policy.
- Learn different approaches to budgeting.
- Understand how fiscal institutions (such as tax and expenditure limits, balanced budget requirements, debt limits) can affect financial management.
- Be able to produce a basic revenue forecast.
- Produce a financial condition analysis of a local government.
- Learn key principles of capital finance and public retirement systems management.
- Complete an research project related to economic, fiscal, or budgetary policy.

## Required Text

David N. Hyman. (2021). Public Finance: A Contemporary Application of Theory to Policy. 12th Edition. Boston, MA: Cengage Learning. ISBN-13: 978-0357442159. Please note the availability of the electronic version and the rental option.

## Grading

Grades will be awarded based on your performance on the assignments and contributions to class discussions. Students earning 90 percent or above on the graded assignments will earn an A/A-; grades of 80-89 represent a B- /B/B+; grades of 70-79 represent a C-/C/C+.

Topic master	100 points
Class participation (includes group work on prompts)	200 points
Quizzes (4@50)	200 points
Research project	400 points
Research proposal (50)	
Findings (100)	
Full paper (200)	
Presentation (50)	
Financial condition analysis	100 points
<b>Total</b>	<b>1000 points</b>
Extra Credit – Paper Replication	50 points
Extra Credit - Revenue Forecast	50 points
Extra Credit – Theory and Concept Map	50 points

### *Topic Master (100 points)*

The topic master facilitates in-class discussion of the assigned papers. A successful topic master manages class time effectively to focus the discussion on key concepts, models, methods, and findings from the readings. The topic master poses 4-6 questions on eLearning before the class begins and leads the discussion of these questions within the allotted time (30 - 40 minutes). The success of class leadership is based on whether the readings have been discussed broadly and deeply by the end of the class session. The questions should help the class understand the readings and critique them by clearly stating the paper's goals, methods, and findings, exposing strengths and weaknesses of its theoretical framework, pointing out convincing or contradictory evidence, offering possible alternative interpretations of the results, assessing the ultimate usefulness of the proposed framework, and linking the readings to a broader context of public finance.

### *Class participation (200 points)*

Class participation in PA 7360 takes many forms, from individual responses to questions to effective engagement in group work. As a doctoral seminar, the course maximally rewards responsible engagement. Since our class time is a limited resource, your goal is to read the assigned materials thoughtfully and contribute to

the learning environment through comments, questions, and answers in a way that can help all students reflect on the material and get engaged in the discussion in the limited time we have. You all start with the full credit of 200 points for participation that you will need to sustain through continuous responsible engagement.

Some of our classes will start with a prompt, which you will think through individually or in groups to offer a reasoned answer to a given question. I will give you something to work with to show me that you have read and thought about the assigned readings. Graphs and diagrams are a welcome addition to the oral response whenever applicable.

### *Quizzes (200 points)*

Over the semester, you will complete quizzes that will include true/false, multiple choice, and short answer questions on the readings from specific book chapters. Quizzes will be timed and can be taken twice with the best effort counting toward your grade.

### *Research Project (400 points)*

Producing new knowledge is a long and iterative process. In this course, you will work through all stages of a new research project that will aim at improving our understanding of human or organizational behavior in the context of incentives, policy changes, exogenous shocks and other events that impact individuals and organizations economically or financially. You will spend the first three-four weeks of class formulating two prospective research questions per week. By the end of February, you will submit a 500-word research proposal for grading that will describe your chosen research question, design, use of data, and expected findings. By the end of March, you will submit your empirical findings. By the end of April, you will submit your research paper for grading. By the end of the course, you will present your research project in class as a 10-slide PPT presentation. You are encouraged to work on this research project assignment in groups of two or three. All group members will receive the same grade. From March to May, you will be encouraged to submit your abstract / paper for presentation at ABFM, ASPA, WSSA, APPAM or another conference of your choice.

### *Financial Condition Analysis (50 points)*

A short assignment that will require you to produce a financial condition analysis for a city of your choice using one of the proposed frameworks covered in class.

### *Extra Credit*

A variety of extra credit assignments is available in the course.

*Theory and Concept Map (50 points)* A mapping of the key course theories and concepts presented in the form of a structures concept map.

*Revenue Forecast (50 points)* A short assignment that will require you to produce a revenue forecast using one of the methods covered in class.

*Paper Replication (50 points)* A project that replicates a given study and adds at least one tweak to the authors model explaining why this tweak (e.g. an additional variable) is interesting to explore and how it affects the results of the analysis.

## **Course Policies**

### *Engagement*

Doing the assigned readings and coming to class prepared for the discussion is the most important task of a student throughout the semester. The bulk of each class session will be devoted to a critical analysis of the assigned readings. I expect us to engage in a rigorous discussion and ask you to be mindful of your peer students' learning needs when you offer your perspectives in class. Please note that our class time is a limited common pool resource. In this context, we need to share the learning environment with our peers respectfully. It is often productive to take a few moments of silence and engage in deep thinking on questions before responding. This way, we will establish safer rules of engagement across personal, cultural, and ideological divides.

### *Diversity*

Since many topics in public finance are subject to debate, our ideological positions may differ. A scholarly attitude, reflected in your respect for the opinions of others is an integral requirement for the course. It may take courage to express your positions and values but it is exactly this courage that will make this course a meaningful experience for you and your peers. Let's work together to create a safe and empowering classroom environment where you feel supported to take intellectual and emotional risks.

### *Academic Integrity*

The value of an academic degree depends on the absolute integrity of the work done by the student, and it is imperative that you demonstrate the highest standard of

individual honor in your work. If you have any questions on what constitutes academic dishonesty, please do not hesitate to ask me. Please go to <http://go.utdallas.edu/syllabus-policies> to learn more about the University's policies and procedures that apply to students who engage in academic dishonesty.

#### *Use of Electronic Devices*

You are encouraged to bring your electronic devices to class and are expected to use them for all coursework-related activities. Please be respectful of your colleagues and remember to keep your cell ringer off during class time.

#### *Attendance and Late Work*

Regular online class attendance is important for succeeding in the course because active class participation in the discussions is a crucial component of the course grade. No late paper will be read except for special circumstances discussed in advance of the due date.

Date	Topic and Readings
January 18	<b>Introduction to the course and each other</b>
January 25  Two research questions	<b>Roles of Government in the Economy</b> <ul style="list-style-type: none"> <li>• Hyman, Chapters 1-4</li> <li>• <a href="#">Economic Report of the President for 2022</a> (focus on stated policy priorities)</li> <li>• <b>TM 30 min:</b> Piketty, T. and E. Saez. 2014. <a href="#">Inequality in the Long-Run</a>. <i>Science</i> 344 (6186): 838-843.</li> <li>• <b>TM 30 min:</b> Jackson C. K, R. C. Johnson &amp; C. Persico. 2016. <a href="#">The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms</a>, <i>Quarterly Journal of Economics</i> 131(1): 157-218.</li> </ul>
February 1  Two research questions  Quiz 1 due	<b>Public Finance and the Political Process</b> <ul style="list-style-type: none"> <li>• Hyman, Chapter 5</li> <li>• Oates, W. E. 1985. Searching for Leviathan: An Empirical Study. <i>American Economic Review</i> 75(4): 748-757.</li> <li>• <b>TM 30 min:</b> Arapis T. &amp; C. Bowling. 2020. <a href="#">From Maximizing to Minimizing: A National Study of State Bureaucrats and Their Budget Preferences</a>. <i>Journal of Public Administration Research and Theory</i>, 30 (1): 144-160.</li> <li>• <b>TM 30 min:</b> Coate, S. &amp; B. Knight. 2011. <a href="#">Government Form and Public Spending: Theory and Evidence from US Municipalities</a>. <i>American Economic Journal: Economic Policy</i> 3 (3): 82–112.</li> <li>• Extra credit of 50 points: replication of Coate and Knight <a href="#">here</a> with an additional model that you come up with – due next week.</li> </ul>
February 8  Two research questions	<b>Cost-Benefit Analysis, Subsidies and Social Insurance</b> <ul style="list-style-type: none"> <li>• Hyman, Chapter 6, 7, 8, 9</li> <li>• <b>TM 30 min:</b> Budadanure, J. 2019. <a href="#">The Political Theory of Universal Basic Income</a>, <i>Annual Review of Political Science</i> 22: 481-501.</li> </ul>

Extra credit replication due	<ul style="list-style-type: none"> <li>• <b>TM 30 min:</b> Gonalons-Pons P. and D. Calnitsky. 2022. <a href="#">Exit, Voice, Loyalty: findings from a basic income experiment.</a> <i>Socio-Economic Review</i>, 20(3): 1395-1423.</li> </ul>
February 15  Two research questions  Quiz 2 due	<p><b>Introduction to Taxation, Taxation of Personal Income</b></p> <ul style="list-style-type: none"> <li>• Hyman, Chapters 10, 11, 13, 14</li> <li>• <b>TM 40 min:</b> Rauh, J. 2022. <a href="#">Taxes, Revenues and Net Migration in California.</a> Working paper.</li> <li>• TBD</li> </ul>
February 22	<p><b>Fiscal Federalism and Accountability in Public Finance</b></p> <ul style="list-style-type: none"> <li>• Hyman, Chapter 18</li> <li>• Oates W. 1999. <a href="#">An Essay on Fiscal Federalism.</a> <i>Journal of Economic Literature</i> 37 (3): 1120-1149.</li> <li>• Tiebout, C. 1956. <a href="#">A Pure Theory of Local Expenditures.</a> <i>Journal of Political Economy</i> 64 (5): 416-424.</li> <li>• Oates, W. (1988). <a href="#">On the Nature and Measurement of Fiscal Illusion: A Survey.</a> In G. Brennan et al. (Eds.), <i>Taxation and Fiscal Federalism: Essays in Honor of Russell Mathews</i> (pp. 65-82) Sydney, Australia: Australian National University Press.</li> <li>• <b>TM 30 min:</b> Greer, R.A., T.T. Moldogaziev, and T. A. Scott. 2018. Polycentric Governance and the Impact of Special Districts on Fiscal Common Pools. <i>International Journal of the Commons</i> 12 (2): 1-29.</li> <li>• <b>TM 30 min:</b> Lehn M. B. and P.L. Posner (2018) <a href="#">Tax Expenditures and Accountability: The Case of the Ambivalent Principals.</a> <i>Journal of Public Administration Research and Theory</i> 28(4): 569-582.</li> <li>• <b>TM 30 min:</b> Rose, S. 2010. Institutions and Fiscal Sustainability. <i>National Tax Journal</i> 63: 807-838.</li> </ul>
March 1  Research Proposal due	<p><b>Public Budgeting</b></p> <ul style="list-style-type: none"> <li>• Wildavsky, A. 1978. A Budget for All Seasons? Why the Traditional Budget Lasts. <i>Public Administration Review</i> 38 (6): 501-509.</li> <li>• Kelly, J.M. 2005. A Century of Public Budgeting Reform: The 'Key' Question. <i>Administration and Society</i> 37(1): 89-109.</li> </ul>

	<ul style="list-style-type: none"> <li>• Kavanagh S. and J. Kowalski. 2021. The Basics of Equity in Budgeting, <i>National Civic Review</i> 110 (1): 39-49.</li> <li>• Bourdeaux, C. (2006). Do legislatures matter in budgetary reform? <i>Public Budgeting and Finance</i>, 26, 120-142.</li> <li>• <b>TM 30 min:</b> Carol E. and A. L. Franklin (2006). Citizen Participation in Budgeting Theory. <i>Public Administration Review</i> 66(3): 437-447.</li> <li>• <b>TM 30 min:</b> Rubin, M. and J. Bartle. (early view) <a href="#">Gender-responsive budgeting: A budget reform to address gender inequity</a>. <i>Public Administration</i>.</li> <li>• <b>TM 30 min:</b> J.E. Melkers and K. G. Willoughby (2005). Models of Performance-Measurement Use in Local Governments: Understanding Budgeting, Communication and Lasting Effects. <i>Public Administration Review</i> 65(2): 180-190.</li> </ul>
<p>March 8</p>	<p><b>Public Revenues and Revenue Forecasting</b></p> <ul style="list-style-type: none"> <li>• <b>TM 30 min</b> Carroll D. 2009. Diversifying Municipal Government Revenue Structures: Fiscal Illusion or Instability? <i>Public Budgeting &amp; Finance</i> 29 (1): 27-48.</li> <li>• <b>TM 30 min Paper:</b> Spreen T. L. and J. Martinez Guzman. 2022. Information Sharing and State Revenue Forecasting Performance. <i>Public Budgeting and Finance</i> 42 (4): 54-73.</li> <li>• TBD: <b>Extra credit:</b> Prepare a revenue forecast using tools provided in class.</li> </ul>
<p>March 15</p>	<p><b>No class - Spring Break</b></p>
<p>March 22</p> <p>Extra credit revenue forecast due</p>	<p><b>Public Sector Retirement Systems Management</b></p> <ul style="list-style-type: none"> <li>• <b>TM 40 min:</b> Hoang T. &amp; C. Maher. 2022. Fiscal condition, institutional constraints, and public pension contribution: are pension contribution shortfalls fiscal illusion? <i>Public Budgeting and Finance</i> 42 (4): 93-123.</li> <li>• <b>TM 40 min:</b> Gorina, E. and T. Hoang. 2020. Pension Reforms and Public Sector Turnover. <i>Journal of Public Administration Research and Theory</i> 30 (1): 96-112.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>TM 40 min:</b> Clark, R, Hanson E. &amp; O. Mitchell. (2016). <a href="#">Lessons for Public Pensions from Utah’s Move to Pension Choice</a>. <i>Journal of Pension Economics and Finance</i> 15 (3): 285-310.</li> </ul>
<p><b>March 29</b></p> <p>Preliminary research findings due</p>	<p><b>Local Financial Condition and Sustainability</b></p> <ul style="list-style-type: none"> <li>• Chapman, J. 2008. State and Local Fiscal Sustainability: The Challenges. <i>Public Administration Review</i> 68 (S): 115-131.</li> <li>• <b>TM 40 min:</b> Gorina, E., C.Maher, and M. Joffe (2018). Local Fiscal Distress: Measurement and Prediction. <i>Public Budgeting &amp; Finance</i> 38(1): 72-94.</li> <li>• Maher, C. &amp; K.Nollenberger. 2009. Revisiting Kenneth Brown’s “10-Point Test,” <i>Government Finance Review</i> 25 (5): 61-66.</li> <li>• Analysis of an Annual Comprehensive Financial Report (ACFR) of the City of Richardson, TX and Dallas, TX - using a framework presented in</li> </ul>
<p><b>April 5</b></p> <p>Extra Credit: Financial condition analysis due</p>	<p><b>Budgetary Balance and Government Debt</b></p> <ul style="list-style-type: none"> <li>• Hyman, Chapter 12</li> <li>• <b>TM 30 min:</b> MacKay R. C. 2014. Implicit Debt Capitalization in Local Housing Prices: An Example of Unfunded Pension Liabilities. <i>National Tax Journal</i> 67 (1): 77–112.</li> <li>• <b>TM 30 min:</b> Bifulco, R. et al. 2012. Debt and Deception: How States Avoid Making Hard Fiscal Decisions. <i>Public Administration Review</i> 72 (5): 659-667.</li> <li>• <b>TM 30 min:</b> Gorina, E., Maher, C. and Sungho Park. 2019. Toward a Theory of Fiscal Slack. <i>Public Budgeting and Finance</i>, 39 (4): 48-74.</li> <li>• <b>TM 30 min:</b> Calabrese, T. D., and T. L. Ely. "Borrowing for the public good: The growing importance of tax-exempt bonds for public charities." <i>Nonprofit and Voluntary Sector Quarterly</i> 45, no. 3 (2016): 458-477.</li> </ul>
<p><b>April 12</b></p> <p>Quiz 3 due</p>	<p><b>Taxation of Corporate Income</b></p> <ul style="list-style-type: none"> <li>• Hyman, Chapter 15</li> <li>• <b>TM 30 min:</b> Auerbach, A. 2018. <a href="#">Measuring the Effects of Corporate Tax Cuts</a>. <i>Journal of Economic Perspectives</i> 32(4): 97-120.</li> <li>• TBD</li> </ul>

April 19	<b>Taxes on Consumption and Wealth</b>
Quiz 4 due	<ul style="list-style-type: none"> <li>• Hyman, Chapter 16, 17</li> <li>• Paper: Gilliland, C. 2004. Property Taxes: <a href="#">The Bad, the Good, and the Ugly</a>. Real Estate Center. Texas A&amp;M University.</li> <li>• Paper: Hui S. 2010. <a href="#">Property Taxes and Elderly Mobility</a>. <i>Journal of Urban Economics</i> 67(2):194-205.</li> <li>• TBD</li> </ul>
April 25	<b>Course Overview</b>
Extra credit: concept map due	<b>In-class presentations</b>
May 3	<b>In-class presentations</b>
Research paper due	

### Important dates

---

February 1	Quiz 1 due
February 15	Quiz 2 due
March 1	Research proposal due
March 15	Spring Break
March 29	Preliminary findings due
April 12	Quiz 3 due
April 19	Quiz 4 due
April 25	Research Presentations
May 3	Full research paper due

---