Syllabus

RPAD 658: Readings in Public Finance · Fall 2026

Instructor	Gang Chen, Associate Professor

Overview

PAD 658 is a guided reading course for doctoral students focusing on public financial management or relevant areas. Instructor permission is required. The course covers readings from three subfields: (1) public finance, (2) public budgeting, and (3) public financial management. Students will focus on the key theories, frameworks, and research that have been developed in the three fields. The instructor will provide a reading list. The instructor will meet with the students in office hours to discuss the readings.

Assignments

1. **Weekly reading notes (50%).** Each week, students will write four-page reading notes (double-spaced) to summarize what they have learned from the readings and how the readings can inform their own research. Reading notes are due every Friday.
2. **Discussion (20%).** Students meet with the instructor every other week in office hours to discuss the questions they have. Come to the office hours prepared with questions.
3. **Working paper (30%).** Students will work on a research topic on public financial management and develop a working paper in this course. Students are expected to use theories and frameworks that they learned from the reading to develop this paper. The working paper is due at the end of the semester.

The syllabus is subject to change. Any further changes will be announced to students prior to implementation.

Reading List

Part I. Public Budgeting

Week 1. The Search for a Budget Theory

1. Key, V. O., Jr. (1940). The lack of a budgetary theory. *American Political Science Review, 34*(6), 1137–1144.
2. Lewis, V. B. (1952). Toward a theory of budgeting. *Public Administration Review, 12*(1), 42–54.
3. Wildavsky, A. (1961). Political implications of budgetary reform. *Public Administration Review, 21*(4), 183–190.
4. Rubin, I. S. (1990). Budget theory and budget practice: How good the fit? *Public Administration Review, 50*(2), 179–189.
5. Kelly, J. M. (2005). A century of public budgeting reform: The "key" question. *Administration & Society, 37*(6), 89–109.

Week 2. Incrementalism, Bounded Rationality, and Budgetary Change

1. (Skim) Simon, H. A. (1955). A behavioral model of rational choice. *The Quarterly Journal of Economics, 69*(1), 99–118.
2. (Skim) Lindblom, C. E. (1959). The science of "muddling through." *Public Administration Review, 19*(2), 79–88.
3. Davis, O. A., Dempster, M. A. H., & Wildavsky, A. (1966). A theory of the budgetary process. *American Political Science Review, 60*(3), 529–547.
4. Berry, W. D. (1990). The confusing case of budgetary incrementalism: Too many meanings for a single concept. *The Journal of Politics, 52*(1), 167–196.
5. Jones, B. D., Baumgartner, F. R., & True, J. L. (1998). Policy punctuations: U.S. budget authority, 1947–1995. *The Journal of Politics, 60*(1), 1–33.
6. Jordan, M. M. (2003). Punctuations and agendas: A new look at local government budget expenditures. *Journal of Policy Analysis and Management, 22*(3), 345–360.

Week 3. Budget Reform and Performance Budgeting

1. Schick, A. (1966). The road to PPB: The stages of budget reform. *Public Administration Review, 26*(4), 243–258.
2. Melkers, J., & Willoughby, K. (2005). Models of performance-measurement use in local governments: Understanding budgeting, communication, and lasting effects. *Public Administration Review, 65*(2), 180–190.
3. Moynihan, D. P. (2006). What do we talk about when we talk about performance? Dialogue theory and performance budgeting. *Journal of Public Administration Research and Theory, 16*(2), 151–168.
4. Ho, A. T.-K. (2011). PBB in American local governments: It's more than a management tool. *Public Administration Review, 71*(3), 391–401.
5. Gilmour, J. B., & Lewis, D. E. (2006). Does performance budgeting work? An examination of the Office of Management and Budget's PART scores. *Public Administration Review, 66*(5), 742–752.

Week 4. Budget Institutions, Fiscal Rules, and Tax Limits

1. Poterba, J. M. (1994). State responses to fiscal crises: The effects of budgetary institutions and politics. *Journal of Political Economy, 102*(4), 799–821.
2. Alt, J. E., & Lowry, R. C. (1994). Divided government, fiscal institutions, and budget deficits: Evidence from the states. *American Political Science Review, 88*(4), 811–828.
3. Hou, Y., & Smith, D. L. (2010). Do state balanced budget requirements matter? Testing two explanatory frameworks. *Public Choice, 145*(1), 57–79.
4. Alm, J., & Skidmore, M. (1999). Why do tax and expenditure limitations pass in state elections? *Public Finance Review, 27*(5), 481–510.
5. Maher, C. S., Deller, S. C., Stallmann, J. I., & Park, S. (2016). The impact of tax and expenditure limits on municipal credit ratings. *The American Review of Public Administration, 46*(5), 592–613.

Part II. Public Finance

Week 5. Public Goods, Market Failure, and the Size of Government

1. (Skim) Samuelson, P. A. (1954). The pure theory of public expenditure. *The Review of Economics and Statistics, 36*(4), 387–389.
2. Musgrave, R. A. (1957). A multiple theory of budget determination. *FinanzArchiv, 17*(3), 333–343.
3. Niskanen, W. A. (1968). The peculiar economics of bureaucracy. *American Economic Review, 58*(2), 293–305.
4. Weingast, B. R., Shepsle, K. A., & Johnsen, C. (1981). The political economy of benefits and costs: A neoclassical approach to distributive politics. *Journal of Political Economy, 89*(4), 642–664.
5. Ostrom, E. (2010). Beyond markets and states: Polycentric governance of complex economic systems. *American Economic Review, 100*(3), 641–672.

Week 6. Fiscal Federalism and Local Public Goods

1. Tiebout, C. M. (1956). A pure theory of local expenditures. *Journal of Political Economy, 64*(5), 416–424.
2. Oates, W. E. (1999). An essay on fiscal federalism. *Journal of Economic Literature, 37*(3), 1120–1149.
3. Fischel, W. A. (2001). Homevoters, municipal corporate governance, and the benefit view of the property tax. *National Tax Journal, 54*(1), 157–173.
4. Schneider, M. (1989). Intermunicipal competition, budget-maximizing bureaucrats, and the level of suburban competition. *American Journal of Political Science, 33*(3), 612–628.
5. Lowery, D. (1998). Consumer sovereignty and quasi-market failure. *Journal of Public Administration Research and Theory, 8*(2), 137–172.

Week 7. Intergovernmental Grants and Federal Aid

1. Hines, J. R., Jr., & Thaler, R. H. (1995). Anomalies: The flypaper effect. *Journal of Economic Perspectives, 9*(4), 217–226.
2. Gordon, N. (2004). Do federal grants boost school spending? Evidence from Title I. *Journal of Public Economics, 88*(9–10), 1771–1792.
3. Afonso, W. B. (2015). Leviathan or flypaper: Examining the fungibility of earmarked local sales taxes for transportation. *Public Budgeting & Finance, 35*(3), 1–23.
4. Chodorow-Reich, G. (2019). Geographic cross-sectional fiscal spending multipliers: What have we learned? *American Economic Journal: Economic Policy, 11*(2), 1–34.
5. Gordon, T., Dadayan, L., & Rueben, K. (2020). State and local government finances in the COVID-19 era. *National Tax Journal, 73*(3), 733–758.

Week 8. Taxation: Design, Incidence, and Behavior

1. Alm, J. (1996). What is an "optimal" tax system? *National Tax Journal, 49*(1), 117–133.
2. Zodrow, G. R. (2001). The property tax as a capital tax: A room with three views. *National Tax Journal, 54*(1), 139–156.
3. Chetty, R., Looney, A., & Kroft, K. (2009). Salience and taxation: Theory and evidence. *American Economic Review, 99*(4), 1145–1177.
4. Slemrod, J. (2019). Tax compliance and enforcement. *Journal of Economic Literature, 57*(4), 904–954.
5. Hanson, A. (2021). Taxes and economic development: An update on the state of the economics literature. *Economic Development Quarterly, 35*(3), 232–253.

Week 9. Revenue Structure, Forecasting, and Volatility

1. Hendrick, R. (2002). Revenue diversification: Fiscal illusion or flexible financial management. *Public Budgeting & Finance, 22*(4), 52–72.
2. Carroll, D. A. (2009). Diversifying municipal government revenue structures: Fiscal illusion or instability? *Public Budgeting & Finance, 29*(1), 27–48.
3. Kwak, S. (2013). Tax base composition and revenue volatility: Evidence from the U.S. states. *Public Budgeting & Finance, 33*(2), 41–74.
4. Williams, D. W. (2012). The politics of forecast bias: Forecaster effect and other effects in New York City revenue forecasting. *Public Budgeting & Finance, 32*(4), 1–18.
5. Mikesell, J. L. (2018). Often wrong, never uncertain: Lessons from 40 years of state revenue forecasting. *Public Administration Review, 78*(5), 795–802.

Week 10. Equity, Voice, and the Politics of Who Pays

1. Lowery, D. (1985). Public opinion, fiscal illusion, and tax revolution: The political demise of the property tax. *Public Budgeting & Finance, 5*(3), 76–88.
2. Ebdon, C., & Franklin, A. L. (2006). Citizen participation in budgeting theory. *Public Administration Review, 66*(3), 437–447.
3. Sances, M. W., & You, H. Y. (2017). Who pays for government? Descriptive representation and exploitative revenue sources. *The Journal of Politics, 79*(3), 1090–1094.
4. Martínez Guzmán, J. P., Jordan, M. M., & Joyce, P. G. (2025). Racial equity in public budgeting: An analysis of three pioneer cases. *The American Review of Public Administration*. Advance online publication. https://doi.org/10.1177/02750740251332944
5. Avenancio-León, C. F., & Howard, T. (2022). The assessment gap: Racial inequalities in property taxation. *The Quarterly Journal of Economics, 137*(3), 1383–1434.

Part III. Public Financial Management

Week 11. Government Accounting, Financial Reporting, and Transparency

1. Evans, J. H., III, & Patton, J. M. (1987). Signaling and monitoring in public-sector accounting. *Journal of Accounting Research, 25*(Suppl.), 130–158.
2. Cheng, R. H. (1992). An empirical analysis of theories on factors influencing state government accounting disclosure. *Journal of Accounting and Public Policy, 11*(1), 1–42.
3. Gore, A. K. (2004). The effects of GAAP regulation and bond market interaction on local government disclosure. *Journal of Accounting and Public Policy, 23*(1), 23–52.
4. Kang, H., & Chen, G. (2022). Can better financial conditions lead to more fiscal transparency? Evidence from municipalities in California. *Local Government Studies, 48*(5), 821–841.
5. Heald, D. (2003). Fiscal transparency: Concepts, measurement and UK practice. *Public Administration, 81*(4), 723–759.

Week 12. Debt, Credit Risk, and Municipal Capital Markets

1. Hildreth, W. B. (1993). State and local governments as borrowers: Strategic choices and the capital market. *Public Administration Review, 53*(1), 41–49.
2. Bunch, B. S. (1991). The effect of constitutional debt limits on state governments' use of public authorities. *Public Choice, 68*(1–3), 57–69.
3. Denison, D. V., Hackbart, M. M., & Moody, M. J. (2009). Intrastate competition for debt resources. *Public Finance Review, 37*(3), 269–287.
4. Capeci, J. (1991). Credit risk, credit ratings, and municipal bond yields: A panel study. *National Tax Journal, 44*(4), 41–56.

5. Martell, C. R., & Guess, G. M. (2006). Development of local government debt financing markets: Application of a market-based framework. *Public Budgeting & Finance, 26*(1), 88–119.

Week 13. Capital Budgeting, Contracting, and Climate Resilience

1. Pagano, M. A. (1988). Fiscal disruptions and city responses: Stability, equilibrium, and city capital budgeting. *Urban Affairs Review, 24*(1), 118–137.
2. Williamson, O. E. (1999). Public and private bureaucracies: A transaction cost economics perspective. *The Journal of Law, Economics, and Organization, 15*(1), 306–342.
3. Brown, T. L., & Potoski, M. (2003). Managing contract performance: A transaction costs approach. *Journal of Policy Analysis and Management, 22*(2), 275–297.
4. Painter, M. (2020). An inconvenient cost: The effects of climate change on municipal bonds. *Journal of Financial Economics, 135*(2), 468–482.
5. Chen, G. (2020). Assessing the financial impact of natural disasters on local governments. *Public Budgeting & Finance, 40*(1), 22–44.

Week 14. Fiscal Stress, Financial Condition, and State Intervention

1. Levine, C. H. (1978). Organizational decline and cutback management. *Public Administration Review, 38*(4), 316–325.
2. Hendrick, R. (2004). Assessing and measuring the fiscal health of local governments: Focus on Chicago suburban municipalities. *Urban Affairs Review, 40*(1), 78–114.
3. Wang, X., Dennis, L., & Tu, Y. S. (2007). Measuring financial condition: A study of U.S. states. *Public Budgeting & Finance, 27*(2), 1–21.
4. Kloha, P., Weissert, C. S., & Kleine, R. (2005). Someone to watch over me: State monitoring of local fiscal conditions. *The American Review of Public Administration, 35*(3), 236–255.
5. Gorina, E., Maher, C., & Joffe, M. (2018). Local fiscal distress: Measurement and prediction. *Public Budgeting & Finance, 38*(1), 72–94.
6. Kim, Y., & Chen, G. (2020). Cutback management and path dependency: Evidence from the two recent recessions. *Local Government Studies, 46*(2), 278–305.

Week 15. Pensions, Fiscal Slack, and Financial Risk

1. Lee, S., & Chen, G. (2022). Disaster experience and governments' savings: The moderating role of organizational capacity. *Journal of Public Administration Research and Theory, 32*(2), 591–609.
2. Eaton, T. V., & Nofsinger, J. R. (2004). The effect of financial constraints and political pressure on the management of public pension plans. *Journal of Accounting and Public Policy, 23*(3), 161–189.
3. Novy-Marx, R., & Rauh, J. (2011). Public pension promises: How big are they and what are they worth? *The Journal of Finance, 66*(4), 1211–1249.
4. Anzia, S. F., & Moe, T. M. (2019). Interest groups on the inside: The governance of public pension funds. *Perspectives on Politics, 17*(4), 1059–1078.
5. Joyce, P. G. (2001). What's so magical about five percent? A nationwide look at factors that influence the optimal size of state rainy day funds. *Public Budgeting & Finance, 21*(2), 62–87.

COURSE POLICIES

Reasonable Accommodations for Students with Documented Disabilities

We are committed to providing an accessible learning environment for all students. This includes students with physical, sensory, medical, cognitive, learning, mental health, and other disabilities. If you have, or think you may have, a disability, please contact Disability Access and Inclusion Student Services (DAISS) by emailing daiss@albany.edu or calling 518-442-5501. DAISS staff will explain the documentation and registration process and set you up with an appointment. Once you have completed registration, you will be provided with a letter to inform your instructors that you are a student with a disability registered with DAISS and that lists the recommended reasonable accommodations for your courses.

Absence Due to Religious Observance

Students are excused, without penalty, to be absent because of religious beliefs, and will be provided equivalent opportunities for make-up examinations, study, or work requirements missed because of such absences. Students should notify the instructor of record in a timely manner, and the instructor will work directly with students to accommodate religious observances. Online courses will not schedule any assignment deadlines on religious holidays.

Academic Integrity and Conduct

Any form of academic dishonesty will not be tolerated. Please refer to the university's policies (Graduate Bulletin, Practicing Academic Integrity | University Libraries) for the definition of academic dishonesty. Ignorance of these policies will not excuse dishonest conduct. Violations of these standards will result in one of the following penalties or some variant: reduction in the grade for the assignment, failure of the assignment, failure of the course, or expulsion. In all cases, a Violation of Academic Integrity Report will be submitted to the Dean of Graduate Studies to be placed in your university file, with copies provided to you, the department head, and the Dean of Rockefeller College.

Seeking problem sets, answers to problem sets, past exams, or past exam answers from any previous student is prohibited without my express written permission. I will treat such behavior as serious academic misconduct by both the current and past students.

Attendance and Timely Compliance with Course Requirements

Students are expected to attend all class meetings and to complete all course requirements on time. Instructors may include attendance and/or participation as part of graded work in a course, and may impose appropriate penalties for missed or late work.

Instructors may, at their discretion, excuse a student's absence from class and allow the submission of late work in cases of emergency or legitimate, unavoidable scheduling conflicts. Students must inform instructors at the earliest possible moment when such situations arise, and instructors may ask students for verifying documentation.

The Office of the Vice Provost and Dean for Undergraduate Education will officially notify instructors of their responsibility to provide academic accommodations only in cases in which the absence exceeds one calendar week or when a student has missed a major exam or assignment, and only upon the presentation of verifying documentation by the student. In all other cases, instructors must use their best judgment in deciding whether and how to accommodate student absences,

and in asking for and evaluating supporting documentation. Disagreements between instructors and students in these cases will be adjudicated through the applicable school or college grievance process, beginning with the applicable department chair.

Excused absences generally fall into three categories:

1. medical care, tragedy, or emergency
2. participation in intercollegiate athletics
3. religious observance

It is the student's responsibility to provide sufficient documentation to support any request. Fraudulent excuses are violations of academic integrity and as such are grounds for disciplinary action.

Appeal a Grade

Students may appeal a grade on a specific assignment within one week of the assignment being returned. To submit an appeal, the student should return the original graded assignment and a letter/memo outlining why the student thinks the grade should be changed. Appeals must be submitted on paper and be typewritten. In the appeal, students must identify (1) the specific issue they believe should be reconsidered and (2) evidence from assignment instructions, assigned readings, lectures, or other materials that would indicate the original submission is worthy of a higher grade. Be aware that your grade may go up, down, or remain the same as a result of your appeal.

Incomplete Grades Policy

Incomplete grades will only be granted in rare cases. We will follow the university guidelines to assign an incomplete grade. Links: https://www.albany.edu/graduatebulletin/requirements_degree.htm#graduate_grades

Title IX Statement

Title IX of the Education Amendments of 1972 is a federal civil rights law that prohibits discrimination on the basis of sex in federally funded education programs and activities.

The SUNY-wide Sexual Violence Prevention and Response Policies prohibit offenses defined as sexual harassment, sexual assault, intimate partner violence (dating or domestic violence), sexual exploitation, and stalking. The SUNY-wide Sexual Violence Prevention and Response Policies apply to the entire University at Albany community, including students, faculty, and staff of all gender identities. The University at Albany provides a variety of resources for support and advocacy to assist individuals who have experienced sexual offenses.

Confidential support and guidance can be found through the Counseling Center (518-442-5800, https://www.albany.edu/counseling_center/), the University Health Center (518-442-5454, https://www.albany.edu/health_center/), and the Interfaith Center (518-489-8573, https://www.albany.edu/student-engagement-belonging/resource-centers/interfaith-center). Individuals at these locations will not report crimes to law enforcement or university officials without permission, except in extreme circumstances, such as a health and/or safety emergency. Additionally, the Advocates at the University at Albany's Advocacy Center for Sexual Violence are available to assist students without sharing information that could identify them (518-442-CARE, https://www.albany.edu/advocacycenter/).

Sexual offenses can be reported non-confidentially to the Title IX Coordinator within The Office for

Equity and Compliance (518-442-3800, https://www.albany.edu/equity-compliance/, Building 25, Room 117) and/or the University Police Department (518-442-3131, http://police.albany.edu/).

Please note that faculty members are considered "responsible employees" at the University at Albany, meaning that they are required to report all known relevant details about a complaint of sexual violence to the University's Title IX Coordinator, including names of anyone involved or present, date, time, and location. In case of an emergency, please call 911.

Basic Needs Statement

It is difficult to succeed academically if you do not have enough to eat, a safe place to live and sleep, or are struggling with an unforeseen emergency. Knowing the resources available on your campus to help you succeed is key. If you need help meeting these or other basic needs, please seek assistance from Supplemental Support Services in the Dean of Students Office. View the basic needs assistance offerings at https://www.albany.edu/dean-students/supplemental-support-services. While you are there, see the variety of helpful services available to you at the Dean of Students at https://www.albany.edu/dean-students. Resources and reporting links can be found on both of these websites.