

# Thomas Daniel Woodbury

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## Education

Ph.D. Public Policy and Administration, University of Kentucky (Lexington, KY), Expected May 2018  
Committee: David Wildasin (chair), Dwight Denison, J.S. Butler, Jenny Minier

J.D. and M.B.A. (Finance concentration), University of La Verne (La Verne, CA), 2009

B.A. Economics, Brigham Young University (Provo, UT), 2006

## Research Interests

Local public finance; political economy; fiscal federalism; law and economics

## Job Market Paper

“Political Economy of Local Public Debt: An Application of Exit and Voice”

**ABSTRACT:** This paper investigates the relation between local housing tenure and local public debt. It does this by establishing a theoretical basis for the potential differences in how households view public debt. These differences stem from the choice of housing tenure by residents within a jurisdiction. The theory hypothesizes that localities with a higher percent of renting households will have higher levels of local public debt, all else equal. Empirical tests show the percent of renters is positively correlated with higher levels of public debt in a panel data set for U.S. counties. This relationship is robust across multiple specifications and estimation techniques.

## Research Papers

“The Provision of Generalized Local Public Goods Financed by Distortionary Taxation”

“An Economic Approach to Municipal Debt Default: An Analysis and Proposal”

“The Equivalence Theorem of Grant Receiving Responsive Governments: Reframing the Flypaper Effect”

“The Determination of State Solvency and the Effects of Inflation on Long-term Real State Budgets”

## Teaching Experience

**Instructor-** University of Kentucky, Martin School of Public Policy and Administration  
Government Data Management, (PA 624- graduate) Spring 2017  
Introduction to Economics, (PA 795- graduate) Fall 2015, Fall 2016

**Instructor-** University of Kentucky, Gatton College of Business and Economics  
Economic and Business Statistics, (ECO 391- undergraduate) Spring 2014, Spring 2015

**Lecturer-** University of Kentucky, Martin School of Public Policy and Administration  
Introduction to American Government, Pre-program Workshop (required for foreign graduate students) 2013, 2014, 2015

**Teaching Assistant-** University of La Verne, College of Business Management  
Financial Management (BUS 530- graduate) Spring 2009  
Business Finance (BUS 500- graduate) Fall 2008

## Research Experience

Research Assistant for David Wildasin, 2011-2016  
Research Assistant for Eugenia Toma, 2013  
Research Assistant for Dwight Denison, 2014  
Research Assistant for Kevin Marshall, 2008-2009

## Honors, Awards, Fellowships/Scholarships

The Lincoln Institute of Land Policy C. Lowell Harriss Dissertation Fellowship, 2017  
University of Kentucky Graduate School Tuition Scholarship, 2011-2016  
Martin School of Public Policy and Administration Research Assistantship, 2011-2016  
Recipient of Statutory Analysis Award at University of La Verne College of Law, 2008  
University of La Verne College of Law Tuition Scholarship, 2006-2009

## Other Activities

Referee for Canadian Journal of Economics  
Staff editor for University of La Verne Law Review (Vols. 29 and 30)  
Presented at graduate poster session at National Tax Association Annual Conference, 2016  
Memberships: National Tax Association, American Economic Association, Association for Public Policy Analysis and Management

## Other Information

Language: English (native), Spanish (proficient)  
Citizenship: USA, Canada

## Working Paper Abstracts

“The Provision of Generalized Local Public Goods Financed by Distortionary Taxation”

This paper models the provision of a local public good that is simultaneously utilized as a public consumption good and a public intermediate good. Since the public good can simultaneously enter both utility and production functions, it is considered a “generalized public good.” This is done to model the provision of infrastructure in the U.S. by sub-federal governments financed with distortionary taxes. Following conventions of urban public finance a model is developed that shows a cost-benefit rule for public good provision by a local government. Illustrative calculations of the marginal cost of public funds are provided. Given a rule of provision for a local government, the role of intergovernmental transfers on the provision of infrastructure is analyzed.

“An Economic Approach to Municipal Debt Default: An Analysis and Proposal”

This paper focuses on the various regimes of debt default resolution for local American governments. Using economic theory methods, it analyzes the options available to localities facing imminent default on public debt. The three main options are austerity policies, state intervention, and bankruptcy. An extensive review of each option is presented to observe the pros and cons. The paper then pivots to focus on bankruptcy as a legal-economic framework. As it is now constituted, municipal bankruptcy is not like corporate bankruptcy in its core attributes. This results in municipal bankruptcy being devoid of the efficiency properties in corporate bankruptcy, which are vital to providing the entrepreneurial opportunities present in American capitalism. In fact, municipal bankruptcy is a system of rent-seeking opportunities. To correct the primary issues related to municipal bankruptcy, an analog to corporate bankruptcy in a public setting is designed and evaluated.

“The Equivalence Theorem of Grant Receiving Responsive Governments: Reframing the Flypaper Effect”

The equivalence theorem states that governments should have the same propensity to make public expenditures regardless of the source of revenue. This hypothesis has been traditionally tied to models of government behavior where the government is responsive to the taxpayer citizens. Subsequent empirical analysis showed that equivalence is not readily observed in practice (the flypaper effect). This caused some denunciation of theoretical models of responsive governments. This paper shows that those denunciations are unwarranted given that the original equivalence predictions were based on logically contradicting assumptions. Loosening these assumptions, in typical fiscal federalism dimensions, results in predicted non-equivalence.

“The Determination of State Solvency and the Effects of Inflation on Long-term Real State Budgets”

The development of government debt crises in the European Union and in the United States has made government default and the resulting resolutions a hotly debated topic. Understanding the magnitude of the insolvency is important for attempting to deal with it in a reasonable manner. The magnitude of insolvency, a violation of the long-run budget constraint, is the extent to which the net present value of expenditures outweighs the net present value of revenues. The value of the stock of debt must be compared to the stock measures of expenditures and revenues. Doing so prevents misconceptions of long-term state solvency for any given debt level. This paper shows a simple framework for calculating the magnitude of the insolvency of a state. This paper analyzes insolvency using simple valuation methods to convert flow variables into stock variables. Complicating the calculation, flow variables are subject to adjustment given the dynamic nature of the economy. To demonstrate a proof of concept, hypothetical inflation rates are used to look at the sensitivity of the magnitude of insolvency for three state governments.