

William Skimmyhorn
Research Statement

I research the causes and consequences of financial decision-making and human capital development. This research contributes to fields including labor economics, public economics, behavioral economics, economics of education, finance, and public management. In the broadest sense, I want to better understand how individuals make important decisions and how they learn. These lessons are at the heart of virtually every economic issue and are critical from a public policy perspective. I also believe these lessons can directly improve my professional work as an educator and organizational leader.

I conduct my research using a variety of rigorous applied microeconomic techniques that include descriptive, quasi-experimental, and experimental methods. I appreciate the role of each type of work and the different contributions and challenges of each. My research topics are intentionally applied in nature, as I strive to find ways to enhance my teaching and to contribute causes greater than myself via improved public policy. Finally, my research is deliberately collaborative, as I believe research is more enjoyable and impactful when completed with diverse groups.

In many cases, my research exploits military settings, where the sources of variation, rich administrative data, and ability to combine military and other data sets (e.g., earnings, credit) enable unique insight on important questions of interest to economists and policy-makers. I have a personal and professional interest in this population that I expect to maintain, and the military is often a policy-relevant population in its own right. I also work on non-military research including civilians and public sector employees.

I have provided below a brief summary of my past and ongoing work.

How do people make financial decisions? The role of education and environments.

Recent events, notably America's great recession and the increased responsibility individuals have for their own retirement have elevated the importance of financial well-being and decision-making for us all. In solo authored work, "**Assessing Financial Education: Evidence from Boot Camp**" (*American Economic Journal: Economic Policy*, 2016), I complete one of the largest empirical analyses with plausibly causal estimates of financial education. Exploiting a staggered rollout of a mandatory course for new Army enlistees I find some beneficial effects in reducing debt, though only for a year, and large effects in increasing retirement savings through at least two years, likely due to the course's coupled enrollment assistance.

To advance the financial education literature beyond simply analyzing overall effects, in work with Evan Davies, Brian Mitchell, and David Mun (West Point), "**Assessing Financial Education Methods: Principles vs. Rules-of-Thumb Approaches**" (*Journal of Economic Education*, 2016) we utilize a field experiment to assess two leading financial education methodologies (neoclassical and behavioral). Both methods outperform the control group in learning and non-cognitive measures and the principles method appears slightly superior to the rules-of-thumb method. This suggests that principles methods may be the best method in high-human capital environments whereas rules-of-thumb methods appear superior in other settings.

In work with Justine Hastings (Brown) and Brigitte Madrian (Harvard), “**Financial Literacy, Financial Education, and Economic Outcomes**” (*Annual Review of Economics*, 2013), we review the leading research on financial literacy and education with a focus on measurement issues, the causal effects of financial education (relatively little to date), and the role of education vis-a-vis regulation, choice architecture, disclosure, and incentives.

My work on financial education has created linkages to education in business settings. In ongoing work with Yael Hochberg (Rice) and Javier Miranda (Census), “**The Effects of Entrepreneurial Training and Education,**” we will exploit the staggered rollout of a Small Business Administration entrepreneurial training program and linked Army administrative and IRS earnings data for servicemembers to study the effects of training on business outcomes.

I also study the role of legal, policy, and social environments on individual financial decisions. In work with Susan Carter (West Point), “**Much Ado About Nothing? New Evidence on the Effects of Payday Lending on Military Members**” (*Review of Economics and Statistics*, Forthcoming), we exploit (conditionally) random military assignments that generate variation in access to payday loans. Using three identification strategies, we find virtually no adverse effects of access on Army enlistees’ credit outcomes or military labor market outcomes. These results counter conventional wisdom, and suggest that that prohibition seems to be an inappropriate policy response.

While a substantial body of research has documented the effects of choice architectures on financial choices including retirement savings, there is much less evidence on the total effects of these policies. In work with John Beshears (Harvard), James J. Choi (Yale), David Laibson (Harvard), and Brigitte C. Madrian (Harvard), “**Borrowing to Save? The Impact of Automatic Enrollment on Debt,**” (NBER Working Paper) we capitalize on the Army’s implementation of automatic enrollment and combined personnel, payroll and credit data. Consistent with previous literature, we find that automatic enrollment substantially increased retirement savings in the Thrift Savings Plan. We find no evidence that these increased contributions are offset by debt (excluding first mortgages and auto debt).

In a different setting but one with widespread applications and interest, in work with Ethan Lieber (Notre Dame), “**Peer Effects in Financial Decision-Making: Social Spending but Private Saving**” (Under Review) we study social effects in individual financial choices including charitable giving, retirement savings, and life insurance purchases. We exploit plausibly exogenous variation in exposure to different financial environments (e.g., high vs. low rates of charitable giving) for new members of military units. The setting enables us to overcome the typical challenges in estimating peer effects and also to estimate something very close to contemporaneous peer effects. We find an important role for social effects for outcomes that are publicly observable but none for outcomes where decisions are made in private.

I also study the role of information and behavioral assistance in important financial decisions. In a field experiment with Ben Castleman (Virginia) and Richard Patterson (West Point), “**The Effects of Behavioral Interventions on Consumer Financial Protection Utilization,**” (RCT complete) we provide information and assistance to new soldiers on their Servicemember Civil Relief Act benefits (i.e., the ability to cap the interest rate on pre-service debt at 6% APR) to

investigate the role of framing and reminders in utilization of these important benefits. In ongoing work with Susan Carter (West Point), **“The Effects of Retirement Benefit Information on Retirement Savings,”** we exploit natural experimental variation in exposure to the annual SSA Benefits Statements to measure the effects of information on the retirement savings of younger workers. Together these studies can provide substantial information on the role, limits, and optimal delivery of information to affect individual financial decisions.

My research in this area also includes some descriptive work. In **“Comparing Military and Civilian Household Finances: Descriptive Evidence from Recent Surveys”** (*Journal of Consumer Affairs*, 2016), I provide a rich descriptive analysis of the financial well-being of military servicemembers. In joint work with Mary Bell Carlson (Silverbell Solutions) and Jeff Nelson (Broadway Bank), **“Military Personal Finance Research”** (*Handbook of Consumer Finance*, 2016) we review the nascent military personal finance literature.

How can individuals and organizations assess, develop and utilize human capital? The role of information, advice, outreach, and testing.

Access to higher education is one of the most important and most studied topics in human capital. I have ongoing work that contributes to this question in a few areas. In work with Andrew Barr (Texas A&M), Kelli Bird (Virginia) and Ben Castleman (Virginia), **“The Effects of Information and Advising Assistance on Veterans’ Educational Attainment”** (RCT in field), we provide personalized information and offers of advising assistance to thousands of transitioning servicemembers. We will combine administrative personnel data with transition program decisions, surveys, and educational attainment data to evaluate the program effects. The evidence should inform educators and policy-makers on educational assistance for non-traditional students.

In work with Laura Kawano (Michigan), Bruce Sacerdote (Dartmouth) and Mike Stevens (Treasury) **“On the Determinants of Young Adult Outcomes: An Examination of Random Shocks to Children in Military Families,”** (NBER Working Paper) we exploit military assignments to estimate the causal effects of moving and of different locations on children’s educational attainment and labor market earnings. We find that moves are disruptive and more so as a child moves through school. Some overseas assignment locations improve college enrollment and wages. Location characteristics in the U.S. prove important too, as various measures of place quality (e.g., percent of county with a B.A. or the Chetty-Hendren mobility measures) increase college enrollment and wages. These location effects are also larger for older students.

In ongoing work with Christopher Avery (Harvard), Andrew Barr (Texas A&M), Laura Kawano (Treasury), and Bruce Sacerdote (Dartmouth), **“The Earnings Effects of the Post 9-11 GI Bill and For-Profit Education,”** we exploit variation in program benefits and geographic exposure to estimate the returns to education by institution type. We will combine military administrative data with education and earnings data and hope to provide some of the first causal estimates of the returns to for-profit education. In work with Ben Castleman and Francis Murphy (Virginia) **“Marching Across Generations? An Analysis of the Benefits Transfer Provision of the Post-9/11 GI Bill** (Under Review), we study the effects of access to a transferrable education benefit

on parental labor market decisions, finding that utilization correlates with an individual's SES. In future work, we plan to study the policy effect on the children's educational attainment.

In joint work with Brian Miller (West Point), "**I Want You! Evaluating Targeted Recruiting Efforts**" (*Education Finance and Policy*, Forthcoming) we leverage a field experiment to evaluate the effectiveness of four university-side outreach strategies at West Point for high-ability underrepresented groups. We find that all of the methods outperform the control in generating applications and suggestive evidence that they increase matriculation. Our cost-effectiveness analysis that suggests the best method is outreach by an admissions office member.

While higher education is one important method for socioeconomic gains, there may be other important elements of human capital development worth studying. In work with Kelli Bird, Susan Carter, and Alex Smith (West Point), "**The Effects of Tailored Career Transition Assistance**," (RCT in Field) we explore the role of tiered transition assistance for servicemembers based on their propensity for claiming unemployment and the input of a mid-level supervisor. The results should inform the interagency programs designed to assist these transitions, lay the foundation for future investigations of optimal training methods, and speak more broadly to enabling career transitions for adult workers.

I am also very interested in the role of organizations in assessing, developing and employing human capital. My professional duties in designing and implementing Army personnel policies in support of better talent management have generated additional research in these areas. In work with Michael Colarusso, Kenneth Heckel, and David Lyle (West Point), "**Starting Strong: Talent-Based Branching of Newly Commissioned U.S. Army Officers**" (*Strategic Studies Institute* 2016) we review the importance of talent management for strategic personnel policy and also report the results of an innovative pilot program at West Point that changed the vocational education and assignment process for cadets. The initial results suggest important gains in talent matches between Army career fields (branches) and future employees (cadets).

In ongoing work with Christina Patterson and Jonathan Petkun (MIT), "**I Want You! (But Not You): Selection in Military Retention**," (Working Paper) we study the role of institutional retention incentives on employee quality, as opposed to simply quantity. We exploit variation in the relative return to staying in the military driven by military personnel policies and local labor market conditions. We find that lower ability soldiers respond more to lump sum bonuses while higher ability soldiers respond to weaker labor markets.

In joint work with Jack Mayer (New Hampshire), "**Psychological Predictors of Cadet Performance at West Point**," (*Journal of Research in Personality* 2017) we analyze the incremental validity of broad measures of intelligence (i.e., Math, Spatial, Verbal and Personal) in predicting matched academic outcomes and leadership performance. Discovering these relationships may enable better screening or selection programs and/or improve the ability to advise and develop students and military officers. In a book, **A History of Army Officer Mental Testing**, with Steve Condly and Art Coumbe (West Point), we review in detail the changes in Army Officer testing over time and the resultant decline in the Army's mental testing standards.