Brian Baugh

bbaugh2@unl.edu
HLH 425R, PO Box 880490, Lincoln, NE 68588
UNL faculty website
SSRN Author Page
Google Scholar Page

Work Experience

University of Lincoln - Nebraska (2017-Current) - Assistant Professor of Finance
University of Lincoln - Nebraska (2016-2017) - Lecturer
Ohio State University (2014) - Instructor
Boeing (2006-2009, 2011) - Systems Engineer

Education

Ph.D., Finance, Ohio State University - 2017
M.B.A., Brigham Young University - 2010
B.S., Mechanical Engineering, Brigham Young University - 2006

Research Interests

Household Finance, Corporate Finance, Behavioral Finance, Tax.

Published Papers

Can Taxes Shape an Industry? Evidence from the Implementation of the "Amazon Tax" (with Itzhak Ben-David and Hoonsuk Park), ***Journal of Finance (August 2018).***

For years, online retailers have maintained a price advantage over brick-and-mortar retailers by not collecting sales tax at the time of sale. Recently, several states have required that online retailer Amazon collect sales tax during checkout. Using transaction-level data, we document that households living in these states reduced their Amazon purchases by 9.4% following the implementation of the sales tax laws, implying elasticities of –1.2 to –1.4. The effect is stronger for large purchases, where purchases declined by 29.1%, corresponding to an elasticity of –3.9. Studying competitors in the electronics field, we find some evidence of substitution toward competing retailers.

Presented at Israeli Industrial Organization Conference at Tel-Aviv University (2013), AEA (2016*), NBER Universities' Research Conference (2016), NBER Public Economics Program (2016), NBER Entrepreneurship and Economic Growth Conference (2016), Berkeley Econ (2016).*

Abbreviated media coverage: WSJ, NPR, Bloomberg (1, 2, 3), NYT (1, 2), Forbes, Reuters, Time, Business Insider, Chicago Tribune, Seattle Times, Salon, VOX (1, 2), CSMonitor, Motley Fool, Geekwire).

Income Fluctuations and Firm Choice (with Scott Baker and Lorenz Kueng), ***Journal of Financial and Quantitative Analysis (July 2020).***

How households shift spending across firms in response to income fluctuations is an important source of firm risk. Using transaction-level data, we study how households interact with the universe of retailers following income changes. We find that income increases within and across households result in substitution towards retailers in a category that are higher quality, smaller, more profitable, and have higher labor intensity, R&D intensity, and equity betas. While not all shifts are economically large, they do not average out across retailers. Thus, retailer choice has implications for key financial and macroeconomic outcomes such as aggregate profitability and labor demand.

Asymmetric Consumption Smoothing (with Itzhak Ben-David, Hoonsuk Park, and Jonathan Parker), (***conditionally***

accepted) at American Economic Review.

In data from an account aggregator, households increase consumption when they receive (expected) tax refunds, as if they are liquidity constrained. However, this behavior is not due to liquidity constraints or hand-to-mouth behavior. These same households smooth consumption when making payments in other years, primarily by transferring funds among liquid accounts. Further, even households carrying credit card debt smooth consumption when making payments, and even high-liquidity households spend out of refunds. Thus the households we study follow a heuristic of spending out of increases in liquidity, while at the same time acting in anticipation of payments to maintain stable consumption.

Presented at Cleveland Federal Reserve Bank Conference (2013), Philadelphia Federal Reserve Bank Payments Conference (2013), Whitebox Advisors Graduate Student Conference (2014), OSU Econ (2013*), WFA (2014), AEA(2015), WFA (2018*).*

* Denotes presentation by co-author.

Working Papers

[Revise and Resubmit] Does Paycheck Frequency Matter? Evidence from Micro Data (with Filipe Correia)

Paycheck frequency is a salient labor income characteristic to which all workers are exposed. Using a unique dataset from an online account aggregator, we study whether paycheck frequency affects household financial outcomes. Looking at cross-sectional differences and within-household changes to paycheck frequency, we find that higher paycheck frequency results in less credit card borrowing yet more instances of financial distress. Moreover, we find that the timing of distress is strongly driven by the paycycle. Our model shows that higher paycheck frequency increases the liquidity available to households, increasing the willingness to allocate to illiquid savings, reducing consumption and within-paycycle borrowing.

Payday Borrowing and Household Outcomes; Evidence from a Natural Experiment

This paper examines the effect of restricting payday credit to payday users. Using administrative banking data from over fifteen thousand online payday borrowers, I exploit a natural experiment surrounding a 2013 U.S. Department of Justice initiative known as Operation Choke Point (OCP) that unexpectedly shut down dozens of online payday lenders. Using a difference in differences framework, I find a persistent reduction in payday borrowing of treated households, those with a pre-existing relationship with a lender that is shut down. Relative to control households, treated households reduce borrowing by $91 per month, reduce the number of bounced checks by 14%, reduce the number of overdrafts by 4%, increase consumption by 2%, and exhibit no increase in consumption volatility. The effects are persistent and grow in magnitude over time. A cross-sectional analysis reveals that the positive outcomes following restricted payday loan access are concentrated among the heaviest pre-treatment borrowers. I conclude by analyzing the types of purchases these loans finance and find that approximately half of abnormal spending the week of payday borrowing is spent on predictable categories such as mortgages, car loans, and insurance. Surprisingly, I find evidence of abnormal gambling activity immediately preceding and following payday borrowing.

Presented at Cleveland Federal Reserve Bank Conference (2015), Delaware (2015), Brigham Young University (2015), Fordham (2015), Pepperdine (2015), Nebraska (2015), South Carolina (2016), SMU (2016), GA Tech (2016), Notre Dame (2016), Berkeley Econ (2016), WFA (2017).

Media coverage: Bloomberg

When Is It Hard to Make Ends Meet? (with Jialan Wang)

We analyze how predictable variation in the timing of income affects household financial health. Exploiting quasi-random variation in the disbursement of benefits by the Social Security Administration, we document that households are more likely to face financial shortfalls during 35-day versus 28-day pay periods. Households are also more likely to experience shortfalls if they have a greater mismatch between the timing of income and expenditure commitments. These patterns are difficult to reconcile with the lifecycle / permanent income hypothesis. The results suggest that policies and technologies that help consumers align the timing of their income and expenditure streams would improve financial health.

Presented at Federal Reserve Board (2017), NBER Household Finance (2017*), NBER Law and Economics (2017*), SFS Cavalcade (2017*), RRC Meeting (2017*), Social Security Administration (2017*), UC Irvine (2017*), and Stanford Institute for Theoretical Economics (2018), Midwest Macroeconomics Meeting (2019), WFA (2019).*

Media coverage: Tech Crunch

* Denotes presentation by co-author.

Works in Process

Choice-Based Pension Plans and Arbitrary Wealth Accumulation (with Itzhak Ben-David and Isil Erel)

Honors and Awards

2015 - AFA Student Travel Grant

2013 - NBER Household Finance Grant (with Itzhak Ben-David and Hoonsuk Park)

Teaching

2018 to present - FINA 361H: Honors Finance

2017 to present - FINA 467/867: Options, Futures and Derivative Securities

2014 - BUSFIN 4211: Corporate Finance

Professional Service

Ad-hoc referee: *Review of Financial Studies*, *Review of Economics and Statistics*, *National Tax Journal*, *Journal of Banking and Finance*, *American Economic Journal (Economic Policy).*

Dissertation Committee

René Stulz (Chair), Fisher College of Business, OSU

Zahi Ben-David, Fisher College of Business, OSU

Berk Sensoy, Fisher College of Business, OSU

Jonathan Parker, Sloan School of Management, MIT