JONATHAN HERSHAFF

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Education

Ph.D. in Economics, University of Michigan, May 2015 (expected)
M.A. in Economics, University of Michigan, May 2012
B.A. in Mathematics and Economics, Vassar College, May 2003

Research Fields

Primary	Labor Economics
Secondary	Public Finance

Presentations

2014	Association for Public Policy Analysis and Management annual conference, Association for Education Finance and Policy annual conference, American Education Research Association annual conference, University of Michigan Labor Economics seminar, Federal Reserve Board Applied Microeconomics Lunch
2013	University of Michigan Public Finance lunch seminar, CIERS
2012	University of Michigan Causal Inference in Education Research Seminar (CIERS)

Fellowships, Honors, and Awards

2014	Rackham Dissertation Fellowship, Rackham Graduate Student Research Grant
2013-2014	MITRE Research Grant, University of Michigan
2010-2011	Emilie Louise Wells Fellowship, Vassar College
2003	Departmental Honors, Vassar College, Mathematics and Economics
2003	General Honors, Vassar College
2003	Virginia Swinburne Brownell Prize for Excellence in Economics
2001	Member, Omicron Delta Epsilon (Economics Honor Society)

Past Work Experience

2011-2014	Research Assistant to Professor Brian Jacob
2006-2009	Associate Vice President**,** Business Real Estate Finance, Wells Fargo Bank San Francisco, CA
2003-2006	Senior Research Analyst, Research & Statistics, Board of Governors of the Federal Reserve System, Washington D.C.
2002	Summer Intern, Bureau of Economic Analysis, Washington D.C.

Job Market Paper

"*Moral Hazard and Lending: Evidence from the Federal Student Loan Market*"

Abstract: This study quantifies the role of lender moral hazard on rates of borrower default. For more than 15 years, there were two parallel programs for originating federal student loans. In the Guarantee program, private banks funded loans at terms defined by the Government. In the Direct Loan program, the Department of Education (ED) funds the loans. Critically, loan terms to borrowers were nearly identical across programs. Moral hazard exists in the former program due to a government guarantee in the event of default, while no guarantee exists in the Direct program.

Annual default rates and program participation data from ED are used to estimate a model of default with school fixed effects. Identification comes from schools switching programs over time, in part from a 2010 policy change eliminating the Guarantee program. The study is supplemented by a student-level model of repayment using data from the Beginning Postsecondary Students surveys. The school-level model suggests that Direct Loan participation reduces cohort default rates by 0.83 percentage points (8.9%) and 1.35 percentage points (15.9%) for two-year and one-year schools respectively, with impacts concentrated in the for-profit sector. There is no discernible impact on four-year schools. The student-level model suggests that default rates are reduced by an increased use of forbearance. This research provides evidence that aligning the incentives of loan servicers with borrower repayment may continue to reduce default rates in the current system.

Publications

"Neighborhood Patterns of Subprime Lending: Evidence from Disparate Cities" (with Paul S. Calem and Susan M. Wachter), *Housing Policy Debate*, vol. 15:3, 2004.

Working Papers

"*Consumer Substitution across Debt Products: Evidence from the CARD Act*"

Abstract: This study estimates the extent to which consumers and willing and able to substitute across different debt products. Policymakers wishing to curb abusive practices in financial markets should be concerned about unintended consequences of regulation. The substitution hypothesis suggests that regulation of financial products will reduce access to debt, leading some consumers to substitute into suboptimal products. The Credit Card Accountability Responsibility and Disclosure Act of 2009 restricted access to credit cards for individuals under age 21 with two exceptions. First, an individual over age 21 could cosign for a credit card. Second, the individual could demonstrate an independent ability to repay debt. Data from the NY Federal Reserve/Equifax Consumer Credit Panel, FDIC Underbanked Surveys, and National Postsecondary Student Aid Surveys together provide data on the use of credit cards, payday lending and other alternative financial services, and student loans among young adults before and after the implementation of the Act. This study is a current work in progress. Preliminary results suggest an increase in the use of alternative financial services and a small increase in the use of student loans following passage of the Act. The exceptions embedded in the Act lead to heterogeneous treatment effects on credit card use: Young adults in high poverty and minority neighborhoods observe the largest decreases in credit card access.