PURDUE UNIVERSITY RESEARCH CENTER IN ECONOMICS

# PURCE

# ANNUAL REPORT

2025-26

PURDUE UNIVERSITY

Mitch Daniels School of Business

> "In the Undergraduate Research Assistantship program, I am learning how much I appreciate the opportunities that come up in my life. This program has shown me many things that I hope to have in a future career."

**BRADY EGGLESTON**
Undergraduate Research Assistant, triple-majoring in Economics, Mathematics and Statistics, 2027

# WELCOME

Dear friends, colleagues and supporters:

Over the past year, the Purdue University Research Center in Economics (PURCE) has continued to make substantial strides in our core mission: conducting and disseminating rigorous, data-driven research on how laws, regulations and government policies affect people's lives. At a time when economic policy discussions are often dominated by opinion, PURCE remains dedicated to providing empirical evidence.

This year, we expanded our experiential learning offerings to Purdue students with the launch of our new program, Freedom, Capitalism, and Institutions: Washington, D.C. Immersion. This three-credit course, introduced in the spring 2026 semester, offers our juniors and seniors from any major a transformative experiential learning opportunity. The course combines on-campus study of the history, philosophy and economics of free markets with an immersive week-long trip to our nation's capital.

Our other established student initiatives have continued to thrive. The Economic Scholars Program welcomed 48 undergraduates from across campus into lively, small-group debates on foundational texts, while our Undergraduate Research Assistantship (UGRA) program continues to be the gem of our center. Under faculty mentorship, our UGRAs gained hands-on experience manipulating large datasets and conducting real-world research.

Our public outreach remains vibrant. Monthly Economic Policy Luncheons drew capacity audiences eager for substantive discussions on tariffs, poverty alleviation programs, the national debt, housing regulation, education policy, online gambling, health insurance, inflation and fiscal policy. Our faculty engaged with policymakers and business leaders, and presented empirical research at universities and other institutions across the U.S. and around the world.

None of these achievements would be possible without the unwavering support of our donors, partners and friends. Your investments in PURCE directly fund policy-relevant research and open doors to life-changing educational opportunities that prepare the next generation to understand how government intervention affects (often unintentionally) the economy and social well-being. I am deeply grateful for your continued partnership as we work to bring empirical findings to the critical questions of our time.

Sincerely,

Kevin J. Mumford
Kozuch Director, Purdue University Research Center in Economics
Associate Dean of Graduate Programs and Professor of Economics

# OUR MISSION

Purdue University Research Center in Economics (PURCE) faculty affiliates create and share data-driven insights into how laws, regulations and government programs affect the market economy and the well-being of individuals and society. Along with using rigorous empirical microeconometric methods in their research, faculty affiliates also invite students to participate in immersive learning experiences that make the center unique.

PURCE research has several focus areas:

## RESEARCH AREAS

- Competition
- Crime
- Education
- Fiscal policy
- Health
- Innovation
- Market solutions
- Monetary policy
- Regulation
- State policies
- Trade
- Work

Our center shares research findings in top academic journals, and also with policymakers and community and business leaders, not to push any particular agenda but to provide data and information that can lead to more informed decisions. As a nonprofit research organization, we rely on the generous support of donors to accomplish our mission.

In the 2025-2026 academic year, our faculty served as experts in media outlets and publications including Bloomberg, CNBC, *Financial Times, The Indianapolis Star, The New York Times, The Times of London*, Vox, *The Washington Post, The Wall Street Journal*, and Yahoo! Finance.

We are housed in the Mitch Daniels School of Business, one of the top business schools in the country, with 4,204 undergraduate students and 1,089 graduate students. Our school's strengths in analytical and quantitative analysis reflect our roots in STEM. The Daniels School's curriculum at both the undergraduate and graduate levels emphasizes calculus-based analytics and data analysis.

PURCE's mission of using empirical economic methodologies to analyze the effects of laws, regulations and government programs fits perfectly with Purdue's strengths and the business school's strategic pillars.

With its largest campus in West Lafayette, Indiana, Purdue University is a world-renowned, public R1 university. Student enrollment is 57,310. Purdue students graduate in over 200 majors.



## PURCE STAFF

KEVIN J. MUMFORD
*Kozuch Director*

BENJAMIN VAN KAMMEN
*Associate Director*

JODI AYERS
*Program Administrator*

KARIS PRESSLER
*UGRA Program Mentor*

NICOLE BROOKS
*Media Relations*

# WHO WE ARE

## PURCE AFFILIATED FACULTY

| | |
|---|---|
| **Timothy Bond** | Professor of Economics |
| **Jim Bullard** | Dr. Samuel R. Allen Dean, Distinguished Professor of Service and Professor of Economics, Special Advisor to the President |
| **Jillian Carr** | Associate Professor of Economics |
| **Mario Crucini** | Jerry and Rosie Semler Chair in Economics and Professor of Economics |
| **Elizabeth Caucutt** | Professor of Economics |
| **Mike Eriksen** | Director, Dean V. White Real Estate Finance Program and Professor of Economics |
| **Mara Faccio** | Tom and Patty Hefner Chair in Finance and Professor of Finance |
| **Huseyin Gulen** | Finance Department Head and Bob and Sharon Schafer Chair in Finance |
| **Aaron Hedlund** | Associate Professor of Economics |
| **Russell Hillberry** | Professor of Agricultural Economics and Courtesy Appointment in the Department of Economics |
| **David Hummels** | Marshall and Susan Larsen Chair and Distinguished Professor of Economics |
| **Mohitosh Kejriwal** | Professor of Economics |
| **Lance Lochner** | Professor of Economics |
| **Stephen Martin** | Professor of Economics |
| **Jonathon McClure** | Assistant Professor of Economics |
| **Laura Montenovo** | Assistant Professor of Agricultural Economics |
| **Kevin Mumford** | Associate Dean of Graduate Programs, Kozuch Director of PURCE and Professor of Economics |
| **Victoria Prowse** | Marge Magner Chair and Professor of Economics |
| **Mohammad Rahman** | Daniels School Chair and Professor of Management Information Systems |
| **Lindsay Relihan** | Assistant Professor of Economics |
| **Brian Roberson** | Economics Department Head and Professor of Economics |
| **Ralph Siebert** | Academic Director, Economics Master's Program and Professor of Economics |
| **Anson Soderbery** | Associate Professor of Economics |
| **Justin Tobias** | Loeb Chair in Economics and Professor of Economics |
| **Chong Xiang** | Professor of Economics |
| **Cathy Zhang** | Professor of Economics |
| **Ben Zou** | Associate Professor of Economics |

# PUBLICATIONS

## ACADEMIC PUBLICATIONS

Our center's faculty affiliates had dozens of peer-reviewed research papers accepted at top academic journals, including:

*American Economic Journal: Microeconomics*
*Econometric Theory*
*Games and Economic Behavior*
*Journal of Econometrics*
*Journal of Housing Economics*
*Journal of the European Economic Association*
*Journal of Time Series Analysis*
*National Tax Journal*
*Oxford Review of Economic Policy*
*Quantitative Economics*
*Real Estate Economics*
*Regional Science and Urban Economics*
*Review of Economics and Statistics*

## SUMMARIES

Laura Montenovo, **"Are Charitable Donations and Volunteering Substitutes or Complements? New Evidence from Recent Tax Changes,"** with coauthor Bradley T. Heim, *National Tax Journal*. In this paper, the authors examine whether people respond to changes in the tax incentives for charitable giving by adjusting how much they volunteer. Using Panel Study of Income Dynamics data spanning 2001 to 2019, they ask whether donations of money and time tend to move together, acting as complements, or whether people substitute one form of giving for the other.

They find that time and money donations are generally complements: when tax changes make monetary giving more expensive, people become less likely to volunteer at all. This effect is modest, however, and changes in the tax price of giving have little to no effect on the number of hours that volunteers contribute.

The findings suggest that tax reforms which weaken the incentives for charitable giving may also modestly reduce participation in volunteering.

Victoria Prowse, **"Programme Interactions and Fiscal Drag in the UK Tax-and-Benefit System: Effects on Income Inequality,"** *Oxford Review of Economic Policy*. In this paper, the authors examine how the UK tax-and-benefit system affected income inequality in 2023. Using a microsimulation model and Family Resources Survey data, they find that the system reduced inequality by 27.6%, as measured by the Gini coefficient, though its redistributive effect was smaller than in some other OECD countries.

They also find that fiscal drag is a less equitable way to raise revenue than adjusting tax rates because it has regressive effects, particularly for people near tax thresholds. Increasing the Universal Credit standard allowance is more effective at reducing inequality than lowering the taper rate, and interactions between different benefit programs also play an important role in shaping income distribution.

Jonathon McClure, **"Triplet Embeddings for Demand Estimation,"** with coauthors Lorenzo Magnolfi and Alan Sorensen, *American Economic Journal: Microeconomics*. In this paper, the authors develop a new method for measuring product differentiation by using survey responses to map how similar products are to one another. Their approach collects simple comparisons, such as whether one product is closer to a second product than to a third, and uses those responses to create a low-dimensional representation of the product market that can be used to estimate consumer demand.

Applying the method to ready-to-eat cereals, the authors find that models using these crowd-sourced product "embeddings" produce more plausible estimates of which products consumers view as substitutes than models based only on observed product characteristics. The approach also improves model fit and may be especially useful in markets where important product characteristics are difficult to measure directly, such as apparel, movies or music.


Ralph Siebert, **"Do as Essay, Not as I Do? How Inflated List Prices of Unsold Essayer Homes Affect the Price Discovery Process,"** with coauthor Michael J. Seiler, *Real Estate Economics*. In this paper, the authors examine whether overpriced homes that remain unsold can influence the prices of other properties in the residential real estate market. Using data on property listings, they study whether these listings act as reference points that affect how sellers and buyers assess home values.

They find that unsold properties are typically listed 8.1% above fair market value and that these overpriced listings create spillover effects that inflate other homes' prices. On average, they increase list prices by $39,086, or 5.3%, and sale prices by $35,688, or 5%. The authors also find that overpricing varies with economic conditions, increasing during economic booms and declining during downturns.


Timothy Bond, **"Voluntary Retirement Savings in China,"** with coauthors Yong Bao, Ruiting Sun and Xueping Xiong, *Regional Science and Urban Economics*. In this paper, the authors study voluntary retirement savings decisions in China using 2017 survey data. They use a spatial ordered probit model to account for correlations in savings behavior among people with similar characteristics who live in the same province.

They find strong evidence that voluntary retirement savings decisions are positively correlated across individuals in both rural and urban areas. Participation in the government-managed basic pension is the strongest predictor of having high voluntary retirement savings. The effects of income and gender, however, vary across different income and geographic groups.

Mohitosh Kejriwal, **"Inference in Mildly Explosive Autoregressions Under Unconditional Heteroskedasticity,"** with coauthor Xuewen Yu, *Econometric Theory*. In this paper, the authors develop a new statistical approach for studying asset price bubbles when market volatility changes over time.

They show that some standard methods can become unreliable under these conditions, but that a commonly used t-statistic still works as expected. They also propose a bootstrap method that improves results in smaller samples. Simulations show that the approach performs well across a range of volatility patterns, and applications to international stock markets and U.S. housing prices demonstrate its practical value.

## A Rare Look Inside Pharmaceutical Price Negotiations

In the U.S., the forces driving prescription drug prices have long been opaque, and some drugs have seen their prices climb by hundreds or even thousands of percent. For example, Humira, a drug that treats rheumatoid arthritis and other autoimmune conditions, saw its annual list price increase by 470% between its launch in 2003 to 2021, as noted in a May 2021 U.S. House of Representatives Committee on Oversight and Reform staff report.

Drug manufacturers argue they are forced to raise list prices to offset the steep discounts and rebates demanded by powerful buyers, who in turn blame manufacturers for the increases.

To understand what is actually happening at the negotiating table, Purdue Professor of Economics **Ralph Siebert** and coauthors turned to Brazil, where health policy reforms mandate a level of price transparency that offers a rare window into the true mechanics of drug price negotiation. Siebert, alongside coauthors Sebastian Linde and Brandon Norton — both Purdue PhD alums — detail their findings in a paper entitled "The Determinants of Negotiated Pharmaceutical Prices," published in *The Journal of Industrial Economics.*

Using a dataset of nearly two years of wholesale generic drug transactions between hundreds of Brazilian city governments (the buyer) and drug manufacturers (the seller), Siebert and coauthors were able to look inside the black box of a real negotiation.

They found that the final price a buyer pays is significantly impacted by the dynamics of the relationship between the buyer and seller, as measured by factors such as how much a buyer purchases in a single transaction, how consistently they buy from the same supplier, and whether they source multiple drugs from that same supplier. Differences in negotiating strength between buyer and seller alone account for more than 40% of the price variation observed across transactions.

"We show that transaction-specific determinants, such as quantity purchased, buyer loyalty, and multiple drug purchases made from the same seller, have strong effects on negotiation strengths and prices."

Siebert and coauthors' research also reveals that some buyers are simply better at the bargaining table than others, and that advantage tends to be consistent regardless of which type of drug is being negotiated.

> "We show that transaction-specific determinants, such as quantity purchased, buyer loyalty, and multiple drug purchases made from the same seller, have strong effects on negotiation strengths and prices."
>
> RALPH SIEBERT
> Professor of Economics

Put simply, a city government that secures favorable prices for one type of drug is likely to do the same across drug classes.

In Brazil, city governments serve as centralized buyers negotiating drug prices on behalf of the hospitals within their borders. In contrast, U.S. hospitals typically band together through Group Purchasing Organizations (GPOs), which represent multiple hospitals at once to seek the kind of leverage a large buyer would have. To examine the impact of GPO membership on negotiating leverage and drug prices, Siebert and coauthors designed an experiment in which city governments mimic the role that GPOs often play in negotiations. Their findings suggest that being a member of a GPO increases the buyer's negotiation strength and reduces prices for all drug classes.

The magnitude of those savings, however, varied dramatically depending on the drug. For example, if a hospital was not a member of a GPO, it would have paid just 6% more for beta blockers, but a striking 124% more for calcium channel blockers. The researchers found that the driving factor behind that variation was how price-sensitive buyers were for that particular drug class. In other words, GPOs tended to deliver the greatest savings for drug classes where buyers had less flexibility to change purchasing behavior in response to price fluctuations.

The research makes it clear that collective bargaining works, but its power is not felt equally across all drug classes. According to Siebert, "this is the biggest takeaway for U.S. markets." Siebert and coauthors' findings offer a better understanding of the dynamics of pharmaceutical price negotiation, which stands to inform policymakers and open new avenues for future research.



## How Corporate Taxes Affect Business Stability

For policymakers, setting the optimal corporate tax rate requires balancing two important priorities: raising revenue to fund public services and infrastructure while avoiding a tax burden that could discourage growth, investment or job creation. Business leaders may understandably argue that higher corporate taxes strain company finances, but the relationship between tax policy and financial distress depends on how companies absorb and respond to those costs.

In their research, **Mara Faccio**, the Daniels School's Tom and Patty Hefner Chair in Finance, and coauthor Stefano Manfredonia investigate the relationship between corporate taxes and financial distress. Their paper "Taxes and Financial Distress: Evidence from Establishment-Level Data" is part of the National Bureau of Economic Research (NBER) Working Paper Series.

Faccio and Manfredonia use the Paydex score, a measure of how promptly an establishment pays its bills, to quantify financial distress. The researchers use a unique combination of establishment- and firm-level data, factoring in a company's geographic footprint to examine how state corporate tax changes affect firms across their different locations.

They find that higher corporate income tax rates increase the financial distress of affected establishments of publicly traded companies, and the impact depends on the location and combined tax exposure of all a firm's establishments. These effects are substantially larger for companies with a high concentration of locations in states hiking corporate income tax rates.

State-level tax changes can ripple across an organization. For companies operating in multiple states, financial pressure in one part of the business can spread internally and create strain across other locations.

Higher corporate income tax rates increase financial distress through two main channels:

1. Cash-flow channel: Affected companies will lose money by having to pay more in taxes, leading to an increase in financial distress.

2. Tax-shield channel: Since companies can usually deduct interest expenses from taxable income, higher corporate tax rates can make borrowing more attractive. Taking on more debt, however, can cause a company to experience financial distress.

Separating the effects of these two channels is the real challenge. "They are very difficult to disentangle when focusing on tax rate changes, because tax rate changes predict that both effects can operate and they will both increase financial distress," says Faccio.

Faccio and Manfredonia use the introduction of the Tax Cuts and Jobs Act (TCJA) in 2017 to determine whether the cash-flow or tax-shield channel dominates. In addition to lowering the federal corporate tax rate, the TCJA introduced a new limit that changed the tax incentives associated with debt financing. Starting in 2018, companies could only deduct net interest expenses up to 30% of their adjusted taxable income.

The cash-flow channel predicts that affected companies will have less cash after taxes because they lose some tax benefits from borrowing, which could increase financial distress. In contrast, the tax-shield channel predicts that reducing the tax incentive to borrow will cause companies to reduce debt levels, leading to less financial distress.

The researchers find that companies affected by this limit experience a significant relative reduction in financial distress, suggesting that the positive effect of lower debt levels outweighs the negative effect of reduced after-tax cash flow. While the TCJA was designed to spur growth by cutting corporate taxes, its limit on interest deductions may have further contributed to improved financial stability.

Future research may provide even more insight. "Naturally," says Faccio, "investigating the impact of these policies on other outcomes, including investment and innovation (on which we will have a separate paper), will be crucial for saying something more general about the implications for business leaders."

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## Closing the Gap: How Tax Policy Shapes Lifetime Earnings Inequality

The top quarter of American workers will earn roughly three times more over their careers than the bottom quarter, a gap that captures something annual income data cannot: the compounding weight of inequality across a lifetime. For academics and policymakers, lifetime earnings — the amount an individual earns over their entire working life — provide a useful lens for assessing economic disparities.

Many governments primarily rely on a tax-and-transfer system, collecting taxes and redistributing funds through social assistance programs, unemployment insurance, and disability benefits, to both narrow income gaps and provide a safety net when someone's earnings fall short. Understanding to what degree policy can address lifetime income inequality, and whether existing legislation effectively balances taxation and social support, is central to ensuring this system functions as intended.

In their research, Purdue economist **Victoria Prowse**, with coauthors Peter Haan, Daniel Kemptner and Maximilian Schaller, examine the role of the tax-and-transfer system in mitigating lifetime income inequality. Their paper, "Insurance, Redistribution, and the Inequality of Lifetime Income," was published in *Quantitative Economics*.

Prowse and coauthors build upon existing research showing that differences in lifetime earnings stem from both skills established early in life and the unpredictable events people face over time. For example, individuals may attain different levels of education or have differing productive ability. Or they may experience shocks such as job loss, adverse health events, or wage disruptions that widen the gap in lifetime earnings.

The researchers create a dynamic life-cycle model to examine what impact the tax-and-transfer system has on the lifetime earnings gap. Their analysis focuses on Germany, where the system includes progressive taxes along with programs such as unemployment insurance, disability benefits and social assistance.

Using this model, they find that the tax-and-transfer system offsets 45% of the inequality in lifetime earnings created when economic shifts increase the returns to education and productive ability. The system also mitigates 48% of the inequality in lifetime earnings due to shocks individuals experience during their lives.

"Lifetime inequality comes from two sources," says Prowse, "differences people bring into adulthood, such as education and productive ability, and the shocks they experience along the way, such as job loss or poor health. Taxes and transfers reduce both types of inequality, but not perfectly."

"Existing systems are doing meaningful work: they reduce a large share of the lifetime inequality generated by skill differences and later-life shocks. But some disadvantages are harder to insure against than others, especially those that show up as weaker employment opportunities over many years rather than a single clear event."

"Within the same education-and-ability group, people with much higher lifetime earnings do pay more in taxes, but not dramatically more as a share of lifetime earnings," says Prowse. "A key reason is that much of lifetime inequality comes from differences in employment histories."

Prowse and coauthors find that the current system is not very effective at combating earnings inequalities arising from differences in employment histories. This motivated them to explore a proposed lifetime tax reform that adjusts an individual's tax rates based on their employment record. While the reform reduces inequality of lifetime income, it comes at the cost of a lower employment rate.

"Our lifetime tax reform shows both the promise and the difficulty of this approach," says Prowse. "Linking taxes more closely to employment histories can reduce lifetime inequality, but it can also weaken employment incentives. That tradeoff is exactly why policy design needs models that account for how people change their behavior in response to reforms."

For policymakers, that is a key finding, and Prowse points to this challenge as a compelling avenue for future research. "The most promising direction is to understand how policy can better insure long-run employment risk while preserving incentives to stay attached to the labor market."

> Lifetime inequality comes from two sources: differences people bring into adulthood, such as education and productive ability, and the shocks they experience along the way, such as job loss or poor health."
>
> VICTORIA PROWSE
>
> Marge Magner Chair and Professor of Economics



## Pay Now, Benefit Later: Why Debt Matters for Reform

> Efficient reforms often require investing today for benefits that only materialize in the future."
>
> BRIAN ROBERSON
>
> Professor of Economics

Public debt, the money governments borrow to finance spending beyond what is collected in taxes, often carries a negative connotation in public discourse. Yet in political systems, public debt plays an important role in balancing competing priorities.

Policy reforms typically involve an intertemporal tradeoff — costs must be borne today while benefits only arrive later. Even when voters fully account for those future benefits, this timing mismatch creates an electoral challenge: a reforming politician absorbs costs in the current period while her opponent, who foregoes reform, has more to offer in the present.

In their research, Purdue economist **Brian Roberson**, with coauthors Pierre C. Boyer and Christoph Esslinger, conducted an analysis that jointly models decisions about policy reform and public debt within a fully competitive electoral framework, in which political outcomes emerge from the competition between candidates. Their paper titled "Public Debt and the Political Economy of Reforms" was published in the *American Economic Journal: Microeconomics*.

"Efficient reforms often require investing today for benefits that only materialize in the future," says Roberson. "Debt is what allows politicians to bridge that gap — smoothing the transition between paying reform costs now and reaping the rewards later."

In their model, Roberson and coauthors find that allowing politicians to raise debt increases the likelihood that a reform is implemented when enough of the policy's benefits are of a private-good nature. This requires that the reform produce economic gains — such as higher output or income — that flow directly to people in ways that can be taxed and redistributed. When a reform generates those kinds of gains, future resources can be borrowed against to help offset what the reformer spends today.

This matters because in this model of electoral competition, each candidate wins individual votes by offering resources to voters, and the candidate who wins a higher vote share wins the election. A politician who foregoes reform has more to offer voters in the short run. A reformer, by contrast, has absorbed upfront costs, leaving them with less to work with in the current period. The more a reform's benefits take the form of a public good — things like environmental improvements or legal protections, which everyone enjoys regardless of whether they supported the reform — the less that can be borrowed against, and the harder it becomes to overcome that electoral disadvantage.

As Roberson puts it, "The nature of a reform's benefits really matters for whether it gets implemented through the political process. When future gains are mostly private in nature, debt can do a lot of the political work; it lets a reformer bring those future benefits into the present to compete effectively for votes."

Through their research, Roberson and coauthors provide a richer framework for understanding the relationship between debt and reform. Rather than viewing public debt solely as a fiscal burden, they show how borrowing capacity can shape incentives to pursue policies with long-term economic benefits.

The paper provides academics with a framework that jointly models debt and reform decisions within electoral competition, opening the door for future research on how fiscal rules influence policy outcomes. For policymakers, it raises a question worth taking seriously about the role debt capacity plays in determining what is politically feasible.

"What the model shows is that the ability to raise debt and the nature of a reform's benefits jointly determine whether an efficient reform becomes politically viable," says Roberson. "Those are two different margins and understanding that interaction leads to a more complete picture of how fiscal constraints shape the incentive to pursue policies that would be efficient in the long run."

# IMPACT

PURCE faculty affiliates represent the center and the business school at conferences and research seminars around the world.

**CALIFORNIA**
- 2025 ASSA Annual Meeting

**COLORADO**
- Agricultural & Applied Economics Association and Western Agricultural Economics Association, 2025 AAEA & WAEA Joint Annual Meeting

**DISTRICT OF COLUMBIA**
- American Real Estate and Urban Economics Association, 2025 AREUEA National Conference
- National Academies of Sciences, Engineering, and Medicine, Workshop
- The Brookings Institution, 14th Annual Municipal Finance Conference

**FLORIDA**
- University of Central Florida, UCF Symposium on Real Estate Markets
- Southern Economic Association Annual Meeting

**ILLINOIS**
- University of Chicago Booth School of Business, Quantitative Marketing and Economics Conference
- University of Illinois Urbana-Champaign, Midwest Econometrics Group Meeting
- University of Chicago and Northwestern University, China Workshop
- University of Illinois Chicago
- Urban Economics Association Annual Meeting

**INDIANA**
- Purdue University, Economic Policy Luncheon

**KENTUCKY**
- Southern Regional Science Association Annual Meeting

**MASSACHUSETTS**
- National Bureau of Economic Research, Summer Institute Labor Studies
- Northeastern University

**MISSOURI**
- Federal Reserve Bank of Kansas City, Midwest Macroeconomics Meetings

**NEW YORK**
- Columbia Law School, M&A and Corporate Governance Conference

**OHIO**
- Federal Reserve Bank of Cleveland, Midwest Macroeconomics Meetings

**PENNSYLVANIA**
- 23rd Annual International Industrial Organization Conference
- Midwest International Trade and Theory Conference
- Pennsylvania State University, Midwest International Trade and Theory Conference
- 2026 ASSA Annual Meeting
- The Pew Charitable Trusts Symposium

**TENNESSEE**
- University of Tennessee, Empirical Investigations in International Trade

**UTAH**
- Western Finance Association Conference

**VIRGINIA**
- Virginia Tech, Midwest International Trade and Theory Conference

**AUSTRALIA**
- RMIT University, 11th Annual Conference – Contests: Theory and Evidence

**CANADA**
- Bank of Canada, Summer Workshop on Money, Banking, Payments and Finance
- Bank of Canada and European Central Bank, 10th Joint Bank of Canada and European Central Bank Conference
- University of Alberta, 9th Institutions, Trade and Economic Development (InsTED) Workshop
- Society of Labor Economists, European Association of Labour Economists and Asian and Australasian Society of Labour Economists, Sixth World Labor Conference
- Université du Québec à Montréal, 19th North American Meeting of the Urban Economics Association

**DENMARK**
- University of Copenhagen and National Research Centre for the Working Environment, Third International Conference on Working Environment Economics
- University of Copenhagen and ROCKWOOL Foundation, 26th Annual NOITS Conference

**ITALY**
- Università Cattolica del Sacro Cuore, Conference in Honor of Professor Luigi Filippini
- Sardinian Empirical Trade Conference
- European Trade Study Group, 26th Annual Conference

**RWANDA**
- 28th Annual Conference on Global Economic Analysis

**SPAIN**
- IESE Business School, 2025 AREUEA International Conference



# OUR EVENTS

PURCE hosts informational and networking events for the public and select audiences, showcasing our faculty and research while exploring the intended and unintended effects of public policy.

## ECONOMIC POLICY LUNCHEONS

Our monthly luncheons on the West Lafayette campus continue to draw an audience of local elected officials, business, academic and community leaders, students and peer researchers. Each event offers a catered lunch, presentation and Q&A with the speaker. Our fall 2025 and spring 2026 economic policy luncheons regularly reached room capacity and featured:

**August 2025:** David Hummels on "Five Myths About the Economics and Future of Higher Education." Hummels, drawing on recent research, leadership experience and public writing on higher education, explored claims about the future of universities.

**October 2025:** Joseph Tracy on "Is the FHA Producing Sustainable Homeownership?" Special guest and Distinguished Fellow Joe Tracy reviewed the history, original mission and evolution of the Federal Housing Administration since the 1930s.

**November 2025:** Douglas Holtz-Eakin on "Trumponomics: Grades Heading into the Midterm." Distinguished Fellow and special guest speaker Doug Holtz-Eakin visited campus to review the economic policies of the Trump administration.

**December 2025:** Laura Montenovo on "Medicaid Expansion and Federal Transfers." PURCE faculty affiliate and Assistant Professor of Agricultural Economics at Purdue's College of Agriculture Laura Montenovo examined how Medicaid expansion under the Affordable Care Act reshaped federal transfers to local governments.

**January 2026:** Tobias Moskowitz on "Prediction and Sports Betting Markets." Daniels School Distinguished Fellow and the Dean Takahashi Chaired Professor of Finance and Economics at Yale University Toby Moskowitz discussed the current landscape of the rapidly growing prediction and sports betting markets.

**February 2026:** Aaron Hedlund on "Economic Analysis in Policymaking." Purdue Associate Professor of Economics Aaron Hedlund, a research fellow at the Federal Reserve Bank of St. Louis, PURCE affiliate and affiliate of the Daniels School's Dean V. White Real Estate Finance Program, discussed the role of economic analysis in policymaking.

**March 2026:** Carolyn Bourdeaux on "Our Nation's Rising Debt and a Possible Fiscal Checkmate." Special guest speaker Carolyn Bourdeaux, executive director of Concord Coalition and Concord Coalition Action Fund, examined the problem of the nation's rising debt.

*Carolyn Bourdeaux*

**April 2026:** Jillian Carr on "Feast and Famine: The Hidden Rhythms of Household Finance." Purdue Associate Professor of Economics Jillian Carr explored the feast-and-famine cycles that many U.S. households experience: the predictable crunch that hits between paychecks and the cascading effects that reach far beyond household budgets.

## SPECIAL EVENTS

Faculty affiliate Mario Crucini, who cofounded the Midwest Macroeconomics Group, selected hosts and helped guide organizing committees for two 2025 Midwest Macroeconomics Meetings. The fall event was hosted by the Federal Reserve Bank of Cleveland on November 14, 2025, while the spring meeting was hosted by the Federal Reserve Bank of Kansas City on May 17, 2025. Crucini presented research at each meeting. He also organized and hosted a mini-conference focused on recent trade policy in December 2025. That program featured cutting-edge research by authors from Harvard University, University of Rochester, Notre Dame University and Indiana University. Approximately 30 Purdue faculty and PhD students attended the conference and related networking events.

Center affiliates plan or participate in events for public and private audiences each year, including the Greater Lafayette Chamber of Commerce's annual Economic Forecast Luncheon. On November 19, 2025, director Kevin Mumford and faculty affiliate David Hummels presented on tariffs and their effect on Indiana commerce; how a decrease in international student enrollment could have an impact on the local economy; and how investments in data centers could affect productivity rates in the U.S., among other topics.


# OUR PROGRAMS

## PHD STUDENT RESEARCH FUNDING

Research grants are available to PURCE faculty affiliates as well as PhD students being advised by a PURCE faculty affiliate. Recipients produce policy-relevant research papers that are published in top academic journals.

## ECONOMIC SCHOLARS PROGRAM

Students who have successfully completed a principles of economics course are invited to apply for the Economic Scholars Program, a one-credit-hour independent study course typically capped at 12 students. The program meets weekly to discuss readings and is taught by a different professor each semester, with each section exploring a distinct economic topic. Students read formative texts by foundational figures such as Adam Smith and John Locke alongside recent economic works. Offered twice each semester, the program also gives eligible students, in their first or second year of college, the opportunity to earn scholarship money while exploring economic ideas in greater depth.

In fall 2025, Mario Crucini's Econ Scholars examined how economic research has led to tangible improvements in economic well-being. They discussed how economic research has contributed to society through advances in trade policy, monetary policy, price indices and public welfare programs.

Charles Stucke and his students spent fall 2025 exploring the economics of real property, debt, rent and taxes. They examined the question of who pays what and why through readings ranging from "The Federalist Papers" to contemporary research on how U.S. tax policy affects housing costs.

In spring 2026, Ben Zou helped his Econ Scholars understand how technology and human capital interact to shape the distribution of labor income. The course culminated in an op-ed in which students argued for approaches to preparing workers for the impacts of AI. Also in spring 2026, Stephen Martin's students examined the health care sector in the United States. Readings explored the economics of hospitals, health insurance and pharmaceuticals, as well as specific historical events like the Great Flu of 1918 and the COVID-19 pandemic.

## FREEDOM, CAPITALISM, AND INSTITUTIONS

In spring 2026 PURCE launched an exciting new course. Freedom, Capitalism, and Institutions: Washington, D.C. Immersion is a 300-level economics elective that features a field trip. As preparation for the trip, class readings and discussions examine the ethical and material benefits that flow from individual economic rights in a market economy. Students consider the philosophical ideals guiding the exercise of government power and evaluate its observed exercise against those ideals.

Selected students spend six days in D.C. touring sites and meeting thought leaders. The spring break trip gives students privileged access to many places that the public doesn't get to see when visiting our nation's capital.



The D.C. experience built on several weeks of preparation. From January through spring break, students completed weekly reading assignments and participated in small group discussions outside of class before reconvening for a larger classroom discussion. This format helped students form friendships with their peers well before navigating D.C. together.

Once in D.C., students visited a range of institutions, from federal agencies and international organizations to economic policy research groups and cultural landmarks. Their itinerary included the Congressional Budget Office, U.S. Department of the Treasury, Federal Trade Commission, U.S. International Trade Commission, World Bank, Middle East Institute, Brookings Institution, the Krach Institute, American Action Forum, the National Archives and Arlington National Cemetery. The group also visited the U.S. Capitol, where Rep. Jim Baird's office arranged a behind-the-scenes tour.

Purdue connections were present throughout the District. Alumni worked at nearly every place the students visited, and the group had an additional opportunity to connect with local Purdue graduates during an alumni dinner at Carmine's Italian Restaurant.

One of the trip's more interactive sessions was a federal budget simulation hosted by The Concord Coalition. Students were tasked with addressing the federal budget deficit by making difficult choices involving spending and revenue. The class ultimately made substantial cuts to reduce the deficit, experiencing firsthand the complexities policymakers face when attempting to balance competing priorities.

The students got to experience the city as many of its residents do: on foot and by Metro. They stayed at the Club Quarters Hotel, only two blocks from the White House and only six very walkable blocks from Purdue's Hub, which they used as their D.C. classroom. The group enjoyed unlimited rides on the Washington Metro, using it as a key mode of transportation to many destinations throughout the District.

Meals became another part of the shared experience, from catered lunches featuring local favorites to opportunities for students to explore the city's restaurants independently. Perhaps most important to any student, free coffee was available at nearly every stop. The group concluded the trip with a reception and celebration dinner in a private dining room at Ris.

Adding to the magic of the experience, the students' visit coincided with the blooming of Washington's iconic cherry blossoms. The real cherry on top, however, came on the first day of the trip, when Purdue men's basketball won the Big Ten Tournament.

The trip offered students a memorable combination of academic insight and meaningful connection. As class instructor and PURCE Associate Director Ben Van Kammen put it, "The class developed a camaraderie that impressed me and made everyone at ease and familiar with each other. It was both educational and fun."

The inaugural course was a success on every metric and will again be offered in spring 2027.

## UNDERGRADUATE RESEARCH ASSISTANTSHIP PROGRAM

The center's Undergraduate Research Assistantship (UGRA) program arose out of a desire to give undergraduates more direct exposure to economic research — something that's often reserved for graduate students.

Students meeting strong criteria, including completion of an Econometrics course, are paired with a professor and are paid to assist with real research projects. Through hands-on work and weekly cohort meetings, UGRAs learn research design, quantitative data analysis, database management and presentation skills.

Keep reading for a close look at UGRA program experiences.

# UGRA PROGRAM HIGHLIGHTS

## EMPOWERED BY RESEARCH

When Asmi Jamnis applied to the PURCE Undergraduate Research Assistantship (UGRA) program in June 2025, she started her application with a question: "Where are all the women?"

"I immediately noticed this gender gap, and this experience stuck with me," says Asmi. "It made me wonder, why aren't there more women studying economics?" For her UGRA application, she read and reflected on a paper co-authored by PURCE Kozuch Director Kevin Mumford that addresses this question, published in *The Journal of Economic Education*.

The research paper found that women who took introductory economics courses were less likely than men to continue on to higher-level economics classes, leading the authors to suggest that supportive learning environments empower women to persist in studying economics. By reading this paper, Asmi realized that research holds the potential to jumpstart real-world change.

Asmi accepted the invitation to become a PURCE UGRA for the 2025-26 academic year and was paired with Distinguished Professor of Economics David Hummels to help build and analyze a panel dataset using the National Center for Education Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS). Her objective? To assist with answering research questions related to factors that contribute to higher education enrollment trends in the United States.

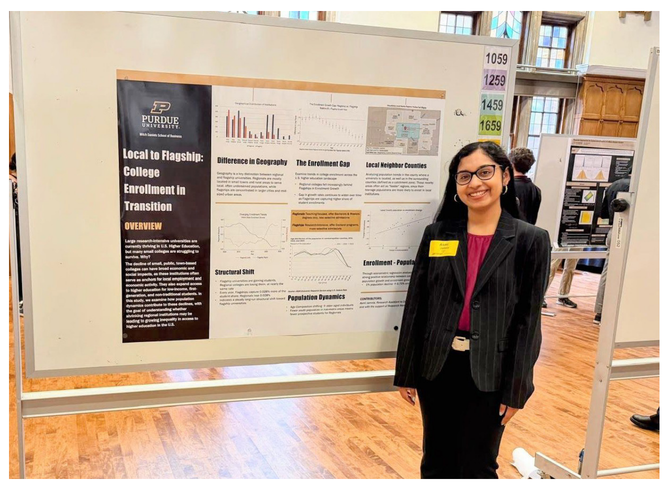
"When I entered the UGRA program, my primary goal was to learn what economics research actually looks like," says Asmi. "I had never worked with large administrative datasets or used Stata for a real research project before." But eventually, Asmi realized that wrestling with uncertainty is a part of the research process. "Much of my work involved navigating uncertainty through trial and error," she says.

> "The UGRA experience strengthened both my technical skills and my understanding of what it means to conduct economic research."
>
> ASMI JAMNIS

Asmi attended weekly meetings with fellow UGRA students to share research updates and support each other. She also attended weekly meetings with Dr. Hummels to communicate research progress and discuss next steps. Through these meetings, she learned that answering a research question is a dynamic and involved process that requires focus, dedication and persistence.

"One thing that really stood out to me about Professor Hummels' mentorship was how he told me about the broader picture of our research agenda. During our very first meeting, he shared a mind map outlining the many questions and topics he hoped to explore within higher education research. Rather than simply assigning tasks, he took the time to explain the larger issues facing higher education, why these challenges matter, and how our research could contribute to understanding them."

Asmi presented her project at Purdue's Spring Undergraduate Research Conference, where she found that small regional universities often rely on proximate geographic population growth to survive.




Looking back, Asmi says, "The UGRA experience strengthened both my technical skills and my understanding of what it means to conduct economic research. I am grateful for the mentorship, encouragement, and trust Dr. Hummels placed in me throughout the project, and I will always carry the lessons I learned into my future career and graduate studies!"

In fall 2026, Asmi will participate in the University of Chicago's Graduate Student-at-Large program, where she will take graduate courses in economics, math and statistics as she keeps exploring where her interests may lead.




## IN THEIR OWN WORDS

Every week, the PURCE UGRAs are asked to share what they are learning in the program. Here are some responses:

"I think overall, my ability to work with data has gotten way better than it was when I first joined the program."

"Since joining the program, I've been able to organize my thoughts in a more effective way."

"I found one of the most helpful things is learning from other UGRAs. When they do the research updates I get to know what kinds of problems they run into and how they approach things."

"I think I've always struggled to write about myself in personal statement type of stuff. I honestly think that writing logs every week helped a lot with that, because you kind of just have to sit down and write like, 'This is what I'm doing. This is what I'm thinking and feeling.' I think it really helps to have that structured thing that I have to do."

"I would say that I've learned a lot from my professor because it's their project. [The professor] will sit down and talk with me about how to solve problems. It really helps to see their way of thinking about things, and the way they get to the solution is very much like trying different things out and then if it doesn't work, just doing something different. [The professor's] definitely not afraid to move on if something isn't working. And I think that's been very good for me to pick up."

## THE FUTURE IS NOW

UGRA program participants who have graduated from Purdue are making strides in both graduate programs and in the workforce. Here's where recent PURCE undergraduate research assistants have landed in the world:

- Economics PhD programs: Michigan State University, University of Colorado Boulder, University of Washington
- Master's programs: Agricultural Economics (Kansas State University), Data Science (Columbia University), Global Supply Chain (Purdue University), Operations Research (Columbia University), Public Administration (Columbia University), Public Policy (University of Chicago), Mathematical Statistics (Purdue University), Statistics (University of Chicago)
- JD programs: Northwestern School of Law, Ohio State University College of Law
- Workforce: Advisory Associate (KPMG), Associate (Secretariat International), Economics Consultant (Edgeworth Economics), Economic and Valuation Services Associate (KPMG), Financial Analyst (Roche Diagnostics), Financial Operations Executive (Total Quality Lending), Global Retirement & Insurance LDP (Prudential Financial), Operations Research Analyst (National Aeronautics and Space Administration), Portfolio Management Analyst (NISA Investment), Supply Chain (Apple)

# FACULTY LINES

Since PURCE's founding, generous donors have funded the academic year salary, summer salary and benefits for several Department of Economics faculty members. We funded these faculty members during the 2025-26 academic year:

### MARIO CRUCINI

The Daniels School's Jerry and Rosie Semler Chair in Economics was invited to present the policy talk "What Lessons Does the Trade War of the 1930s Offer to Model-builders and Policymakers in the 21st Century?" at the Department of the U.S. Treasury; as part of the Danforth-Lewis Speaker Series at Oberlin College; and as a keynote speaker at the Center for Finance and Accounting Research, Washington University. He taught a graduate course on International Macroeconomics — for which he was awarded a Distinguished Teaching Award — a Senior Honors Thesis, and an Economic Scholars course for undergraduates. His paper, "A Behavioral Explanation for the Puzzling Persistence of the Aggregate Real Exchange Rate," is forthcoming in the *Journal of the European Economic Association*, and he's currently researching which U.S. states suffered the most during the Great Depression.

In 2025, Crucini founded the Center for Inflation and Price Research (CIPR), which seeks to improve understanding among the public, policymakers, and researchers of how prices are determined and change over time. As founder and director, he advances the center's work to make price data and economic research more accessible while organizing programming such as a mini-course on machine learning in structural macroeconomic models and a mini-conference on recent trade policy.

### VICTORIA PROWSE

Our Marge Magner Chair and Professor of Economics received Distinguished Teacher Awards for her undergraduate classes in Econometrics as well as Advanced Data Analysis and Machine Learning. Prowse was the keynote speaker at the Conference on Contests: Theory, Applications and Behavior, held in Australia at the Royal Melbourne Institute of Technology. Additionally, Prowse was ranked in the top 5% of authors based on publications in the last ten years on IDEAS, the largest bibliographic database dedicated to economics. Among her newly published papers is "Programme Interactions and Fiscal Drag in the UK Tax-and-Benefit System: Effects on Income Inequality," published in the *Oxford Review of Economic Policy*.

## WELCOME OUR NEW FACULTY AFFILIATES

### ELIZABETH CAUCUTT

Professor of Economics Elizabeth Caucutt joined the Mitch Daniels School of Business in June 2026. Her major fields of concentration are macroeconomics, public finance and labor economics, with research spanning topics including human capital, education, family economics and public policy.

### LANCE LOCHNER

Professor of Economics Lance Lochner's major fields of concentration include labor economics, public economics, the economics of education and the economics of crime. His research is largely devoted to the study of human capital formation throughout the lifecycle.



## ACCOLADES

PURCE affiliates are recognized by organizations for their expertise and leadership. Here are a few recent highlights.

### MARA FACCIO

was recognized in several rankings of influential scholars. She was included in Stanford University's 2025 list of the world's top 2% of scientists, ranked in the top 0.05% of finance scholars worldwide by ScholarGPS, and ranked 59th worldwide among the most-cited authors in finance, according to Ioannidis. She also ranked among the top 1% of authors in RePEc based on citations.

### AARON HEDLUND

is on academic leave from Purdue University while serving as a member and acting vice chairman of the White House Council of Economic Advisers. The council advises the president on domestic and international economic policy. Hedlund previously served as the council's chief economist from 2025-26 and as chief domestic economist and senior adviser from 2020-21.

### VICTORIA PROWSE

was ranked among the top 5% of authors in IDEAS/RePEc across several measures of research output and citation impact.

### RALPH SIEBERT

received a Best Paper Award from the American Real Estate Society for "Do Real Estate Contingency Clauses Affect Selling Price and Time-on-the-Market?" His work examines how contingency clauses in residential real estate contracts affect selling prices and the amount of time homes remain on the market.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