



Hutchins Hall
625 South State Street
Ann Arbor, Michigan, 48109-1215

May 23, 2014

Mr. Denis Healy
National Bureau of Economic Research, Development Director
1050 Massachusetts Avenue
Cambridge, MA 02138

Dear Mr. Healy:

I am writing to strongly recommend Daniel Schaffa for funding from the NBER Household Finance Working Group. Daniel has provided me with excellent research assistance over the last two years, and I am familiar with both his work and his proposed project.

Daniel has worked with me on several research projects. We are currently co-authoring a paper using the findings from the Detroit Area Household Financial Services (DAHFS) study, a large-scale survey of low- and moderate-income consumers in the Detroit area, to show the recession's effects on Detroit area households. Daniel has used statistics, econometrics, and programming to analyze our large dataset. Daniel also completed a comprehensive literature review for me on Exchange Traded Funds, which I plan to use in an upcoming book.

Daniel's project will help fill a gap in our current understanding of how low- and moderate-income households manage debt. Recent qualitative studies suggest that many of these households engage in the suboptimal practice of debt "juggling." Because of the limited availability and reliability of household-level income and debt payment data, little quantitative research has been conducted to test these findings. By analyzing the actual, real time financial transactions of low- and moderate-income consumers and the extensive household level data from my Detroit study, Daniel will be able to shed light on the debt repayment and management strategies of these households. Daniel's project would help provide the analytical foundation necessary to develop behaviorally informed financial products and services that might help households better manage their debts.

For these reasons, I believe Daniel's project is an excellent candidate for NBER's funding. I am happy to answer any questions you might have about Daniel or the project and can be reached at (734) 936-2878 or msbarr@umich.edu.

Sincerely,

A handwritten signature in black ink that reads "Michael S. Barr". The signature is written in a cursive, flowing style.

Michael S. Barr