[redacted]

Part 1:
SABBATICAL PLAN

Board of Regents and CU System policies require the following information be provided by each faculty member applying for a sabbatical assignment. Thank you for completing this public document. Responses should be clear and substantive, answering the questions in a thoughtful, specific, and non-cursory way. Each response should be around 300 words in length.

Applicant Name: [redacted]

Title of Sabbatical Project: **Learning and Belief Heterogeneity in Corporate Finance**

(1) Describe your sabbatical's academic objectives including its contribution to your professional growth and expertise.

The principal goal of my sabbatical is to re-engage in sustained research after several years of intensive academic leadership. From [redacted], I served as Chair of the [redacted], followed by my current appointment as the [redacted] since [redacted]. Serving my school continues to be deeply rewarding, as these roles have allowed me to shape curriculum, mentor faculty, and advance institutional initiatives such as the relaunch of the [redacted]. Yet they have also limited the uninterrupted time necessary for developing new research. My sabbatical will provide the opportunity to renew my research pipeline and update my technical expertise in dynamic modeling and computational finance.

My proposed project extends my long-standing agenda of studying how firms' real decisions, through investment, production, and risk management, are shaped by their financial environment. Earlier in my career, I helped establish the use of dynamic, discrete-time capital structure models to understand how financing frictions influence corporate behavior across the business cycle. My subsequent work explored firm learning, the accumulation of cash reserves, and the constraints imposed by debt overhang, demonstrating how financial structure interacts with uncertainty and growth. Building on these foundations, this project will examine belief heterogeneity, and in particular, the idea that firms and investors interpret the same economic signals differently. Traditional models assume common information, but modern markets are characterized by disagreement and incomplete learning. Using recent computational advances in models with higher-order beliefs, I aim to quantify how divergent expectations affect investment efficiency, volatility, and firm value dynamics.

This sabbatical will allow me to deepen my modeling and numerical analysis skills, renew active collaborations, and open new dialogue between corporate finance and macroeconomic models. The resulting work will elevate my research productivity and contribute positively to the intellectual environment at Leeds, ensuring that emerging theoretical and computational insights are translated into future teaching and mentorship.

(2) Describe your work plan including all anticipated professional activities (i.e., where will you spend your sabbatical, what you will do, your work timeline, etc.).

I plan to spend my sabbatical in Montréal, Canada, a city that offers an exceptional combination of intellectual vibrancy and energizing personal connections. Montréal's cluster of top universities, including [redacted], creates a

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unique ecosystem for research in finance, economics, and quantitative methods. The city's compact geography enables frequent cross-campus seminars and collaboration. This environment is ideally suited to advancing my new project on learning and belief heterogeneity in dynamic corporate finance, which bridges my long-standing interest in firms' financing and investment decisions with recent advances in modeling informational diversity.

The sabbatical will take place during fall 2026, and my plan is to affiliate with one of Montréal's leading [redacted] departments, most likely [redacted] where my coauthor [redacted] is in residence, while maintaining informal collaborations with researchers at neighboring institutions. During this period, I aim to reestablish the daily research rhythm that is difficult to maintain during periods of service leadership and to deepen my expertise in modern computational techniques for heterogeneous-agent and higher-order belief models.

My work plan is structured around three stages within the semester:

- **Early fall (August–September): Review recent methodological advances and gain a comprehensive knowledge of the existing literature on belief heterogeneity and dynamic structural models.**
- **Mid fall (October–November): Adapt these techniques to a corporate-finance context, developing a preliminary specification in which firms and investors interpret market signals differently.**
- **Late fall (December): Conduct numerical simulations, prepare a working draft of the model, and present preliminary findings at a macro-finance brown bag.**

By the end of the sabbatical, I expect to complete a first working paper applying these techniques to corporate finance and to engage in conversations with Montréal-based scholars. This period of focused research will revitalize my theoretical and computational practice and position me for a new phase of sustained scholarly productivity at Leeds.

(3) Describe how meeting your sabbatical objectives will benefit the academic, clinical, and/or pedagogical goals of your primary unit.

My sabbatical objectives will advance the academic and pedagogical goals of the [redacted] at the Leeds School of Business in two mutually reinforcing ways.

First, they will broaden and strengthen the division's research portfolio. My project situates firm-level decisions within a framework of learning, which is a shared research interest of my colleagues. By incorporating informational frictions and belief heterogeneity into dynamic models of firm behavior, this research connects corporate finance to broader themes in financial decision-making that resonate with the division's evolving strengths. This work will complement ongoing research on dynamic capital structure, risk management, and heterogeneous-agent modeling, adding a distinct dimension that emphasizes how information and expectations shape financial decision-making. As one of the division's senior scholars, my goal is to reengage at the research frontier and to support this next phase of intellectual growth for our finance group.

Second, the sabbatical will enhance the division's PhD instruction through direct application to my doctoral course, [redacted]. This course currently introduces canonical models of firm dynamics, covering capital structure, investment, default, and agency costs, before extending to financial constraints, precautionary savings, and learning. The computational and theoretical advances I will gain during my sabbatical, particularly in solving models with heterogeneous information and higher-order beliefs, will allow me to enrich the curriculum with modules on informational

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asymmetries and modern numerical implementation. These updates will expose students to quantitative methods and strengthen their ability to analyze financial decision-making.

By reinvigorating my research and teaching, this sabbatical will bring renewed intellectual energy and methodological breadth to the [redacted] division.

(4) Describe how your sabbatical project will enhance the university's reputation.

My sabbatical project will enhance the University of Colorado's reputation by extending its visibility in frontier research at the intersection of corporate finance, macroeconomics, and computational modeling, and by fostering meaningful international collaborations. The Leeds School of Business is already known for its strength in applied finance research, and this project will complement that reputation by advancing the theoretical and computational frontiers of financial economics. The project, Learning and Belief Heterogeneity in Corporate Finance, develops models in which firms and investors differ not only in their characteristics but also in the information they hold and the beliefs they form. These models capture real-world uncertainty and disagreement, providing new insights into how markets process information and allocate capital. By contributing to this rapidly evolving field, the project will position the University of Colorado among a small number of institutions advancing theoretical and data-calibrated approaches to corporate finance.

Spending the sabbatical in Montréal will further elevate the university's international profile. Montréal's academic ecosystem, including [redacted], offers a rich concentration of scholars working in macro-finance, heterogeneous-agent modeling, and dynamic theory. My prior visiting appointments at [redacted] have demonstrated that such exchanges yield lasting institutional benefits, from joint publications to new teaching materials and student collaborations. Establishing renewed ties in Montréal will strengthen the University of Colorado's research network and visibility.

The methodological innovations I will bring back from this project will also enrich our academic programs. Integrating modern numerical methods and information-friction models into the [redacted] course will equip students to work at the research frontier. Ultimately, this sabbatical will enhance the University of Colorado's reputation not only through high-quality scholarship and new international collaborations, but also through its tangible impact on teaching, mentoring, and research culture.

(5) Describe how your sabbatical will contribute to the educational experience of students.

My sabbatical will enrich the educational experience of students at the University of Colorado by strengthening the bridge between frontier research and classroom instruction and by expanding students' exposure to modern computational and theoretical approaches in finance. One of my primary goals is to master new numerical and modeling techniques related to learning and belief heterogeneity in dynamic corporate finance, where firms and investors differ not only in their characteristics but also in their information and beliefs. These advances extend the models previously taught in my doctoral course, [redacted] where students study firm dynamics, capital structure, investment, and financial constraints. By learning the latest computational tools for solving such models, I will be able to translate cutting-edge research methods into new modules, problem sets, and demonstrations that make contemporary finance theory accessible to our students.

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The sabbatical will also reinvigorate my research collaborations, which directly benefit students through the network of mentors and coauthors created. Engaging again at the frontier of research will help me bring fresh examples, data applications, and policy relevance into both PhD and MBA classrooms. PhD students will gain opportunities to assist in model implementation and simulation, developing skills highly valued in today's data-driven marketplace. Undergraduate students, in turn, will encounter richer discussions of how uncertainty, expectations, and financial structure shape corporate decisions, concepts that connect directly to business practice and decision-making under risk.

In addition, I plan to share what I learn through brown bags with colleagues. Working with colleagues at Leeds and across campus, I aim to develop concise training modules on computational economics and dynamic modeling that could be offered during a PhD class, a brown bag, or a summer methods workshop. These initiatives would enhance students' quantitative preparation and support the division's growing emphasis on data-driven financial education.

Ultimately, my sabbatical will renew the intellectual connection between advanced research and teaching, ensuring that students at Leeds encounter an education that reflects the latest developments in theory, computation, and real-world financial analysis. This integration will better equip them to navigate and shape the increasingly analytical and information-rich world of business.

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Part 2:

REMUNERATION AND FUNDING PLAN

Regarding external funding, faculty members applying for sabbatical assignments are expected to apply for external funding (such as fellowships, grants, or clinical work) when appropriate. The total university salary to the faculty member, from sabbatical pay and any contract or grant administered through the university, shall not exceed university limits. There is no restriction on additional non-university income, subject to the faculty member satisfying the duties of the sabbatical plan and any contract/grant requirements. If a faculty member on sabbatical anticipates funding, sponsorship, employment, gifts, non-financial support, or other benefits from foreign institutions or sources, these should be detailed in the sabbatical remuneration plan, and all appropriate Export Control procedures should be followed. In addition, faculty members on sabbatical leave are not permitted to be paid for any administrative appointments or extra teaching during the sabbatical period.

(6) Per CU System APS 1024, it is expected that faculty members applying for sabbatical will also apply for **external** funding to the extent it is available. Describe any anticipated external funding sources, amount of funding from sources external to CU, and attempts to obtain such funding.

My anticipated expenses for the fall 2026 sabbatical are modest. Because my project involves short research visits and collaboration in Montréal, most expenses will be limited to travel and computing needs. Because I will [redacted] during my Montréal visits, my local housing and living costs will be very reasonable.

I am grateful for the support from the [redacted] with whom I maintain an active line of funded research linking firm-level safety performance to financial outcomes. The [redacted] regularly awards research grants to affiliated faculty for projects that advance projects of mutual interest. I expect to develop a multi-year proposal to extend these collaborations.

These arrangements ensure that the sabbatical will be conducted at low cost to the University while meeting the CU System expectation that faculty members actively pursue external funding opportunities.

(7) Describe the source and amount of any additional funding to support your sabbatical, including departmental or gift funding.

The Leeds School of Business provides annual research support to its faculty. Because my travel activity has been limited in recent years while serving as [redacted] Chair and, more recently, as the [redacted] conducting a major curriculum revision, my research account retains a healthy balance. These funds will comfortably cover all anticipated sabbatical-related expenses, including travel, research materials, and local collaboration costs. No additional departmental or gift funding will be required.

(8) Describe any anticipated support from foreign or international entities, including research collaborators, host universities, or other institutions, (e.g., equipment use, office/lab space, lodging or travel).

I do not expect to receive significant financial support from the host department, as my research does not require laboratory facilities or specialized equipment. My needs will be

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limited to standard academic resources, primarily office space and reliable internet access.

(9) Under the University's APS 1024, faculty must identify business expenses to be reimbursed in connection with a Sabbatical Plan. Please describe anticipated business expenses and the funding source for those expenses.

Anticipated business expenses during my fall 2026 sabbatical will be modest and primarily related to research travel and local transportation. I may also incur small expenses associated with attending academic seminars or workshops at host institutions. All expenditures will comply with University of Colorado travel and procurement policies. These costs will be fully supported by my Leeds School Faculty Discretionary Account, which has sufficient funds. No additional departmental or university reimbursement will be required.

(10) Will this plan require international travel? If so, please describe the travel including anticipated destination(s).

Yes. The sabbatical will include international travel to Montréal, Canada, where I will spend the most of the fall 2026 semester collaborating with faculty at local universities such as [redacted]. Travel will consist of a round trips from Denver to Montreal and local transportation; no additional international travel is planned.

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Part 3:
DEPARTMENT CHAIR/UNIT HEAD
PLAN FOR COVERAGE AND REMUNERATION

Based on the corresponding CU System APS 1024, the dean of the school/college shall ensure that the costs associated with the sabbatical are covered, including teaching replacement expenses. The dean may suspend a sabbatical if funding is not available in the school/college. Remuneration (from university resources such as state funding, university administered grants or contracts, or any other university managed sources) for the sabbatical assignment shall be as follows: for full-time faculty on nine-month appointments, either full salary for one semester or half salary for two semesters; for full-time faculty on 12-month appointments, six months full salary or 12 months half salary. Please note that for single semester sabbaticals, remuneration from university-managed funds or university-administered grants or contracts should not exceed 100% of the faculty member's salary. For two-semester sabbaticals, remuneration sourced from General Funds (Fund 10) should neither be used to supplement a half-salary, nor exceed 50% of the faculty member's usual base salary. Stipends for administrative duties, such as chair or center director stipends, are not included in "base salary" and shall not be taken into account in calculating the individual's salary while on sabbatical.

(11) Describe the plan for coverage of the faculty member's teaching responsibilities and replacement of teaching expenses. If it is known at the time this application is being made, include specific course names or numbers to be replaced each semester.

Professor [redacted] absence will require two classes to be filled. One is in the [redacted] (BCOR [redacted]) and we are hiring a teaching professor this year who will teach that class. MBAX [redacted] will be taught by a newly hired teaching professor – we have four lines outstanding and intend to hire on all four. The expenses, therefore, come to 2/7 of the pay for a teaching professor.

(12) If the applicant is in an additional administrative position (e.g., chair or director), indicate how the administrative responsibilities will be covered.

Professor [redacted] is the [redacted] Chair and has associated responsibilities in managing the curriculum and delivery of classes in the [redacted] program. While [redacted] is on sabbatical, one of the founding professors of that program, who is also intimately involved in development and delivery of the class, will take over [redacted] responsibilities.