**Transcript Job-To-Job Flows and the Consequences of Job Separations**

Coordinator: At this time all participants are in a listen-only mode.

During the Q&A session of today's call if you would like to ask a question please press Star 1 on your phone, record your name and your line will be open.

Today's conference is being recorded. If you have any objections you may disconnect at this time.

I would like to now turn the meeting over to Ms. (Earlene Dowell). You may begin when ready. Thank you.

(Earlene Dowell): Thank you (Katrina) and thank you to Jeana Bunn-Hector from the Census Bureau for hosting our webinar.

Good afternoon everyone.

First due to unforeseen circumstances we apologize for having to reschedule this November LED webinar to today. We appreciate you making time in your busy schedule to be here.

In light of the recent transition to 100% telework, we are utilizing technology offsite to continue operations. We aim to minimize interruptions as much as possible but we appreciate your patience if we experience any technical delays. Please utilize the chat feature to notify us of issues should any arise and we will do our best to address them.

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On behalf of the US Census Bureau and the Local Employment Dynamic Partnership in collaboration with the Council for Community and Economic Research and the Labor Market

**Transcript Job-To-Job Flows and the Consequences of Job Separations**

Information Institute, welcome to the December LED webinar, Job to Job Flows and Consequences of Job Separation with our presenter Matthew Staiger.

This presentation looks at literature documents of large and persistent average earnings losses following job displacement. The presentation based on the paper extends the literature on displaced workers by providing a comprehensive picture of earnings and employment outcomes for all workers who separate. And results that suggests that future research on the consequences of job loss should work to disentangle the strong association between non-employment and earning losses as opposed to focusing specifically on displaced workers.

Matthew Staiger is a Pathways Intern at the US Census Bureau and will be completing his Ph.D. in Economics from the University of Maryland this spring. He currently serves as Dissertation Scholar at the Washington Center for Equitable Growth. I'm sorry.

With that I hand it over to Matthew.

Matthew Staiger: Thanks so much (Earlene) and thank you everyone for tuning in today.

So as (Earlene) mentioned I'll be talking about our paper Job to Job Flows and the Consequences of Job Separations. And this is a joint work with Bruce Fallick, John Haltiwanger and Erica McEntarfer.

And as a disclaimer up front this is a project that uses confidential data from the US Census Bureau and so the standard disclaimer applies which is that these results don't represent the views of the Census and everything, all the results have been reviewed to ensure that no confidential information is disclosed.

So the motivation for this paper begins with the fact that the US labor market exhibits a very high rate of worker reallocation. So workers are constantly changing jobs, moving from one firm to another and existing research suggests that this high rate of reallocation has important benefits.

So from an aggregate perspective an important component of productivity growth comes from workers moving from low to high productivity firms. From on individual's perspective an important way in which workers advance their careers and grow their earnings comes from changing jobs and moving to new firms specifically to more productive firms. However, despite these beneficial aspects of worker reallocation there's a general concern that some workers are harmed in the process.

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So there's a famous paper from the early '90s by Jacobson, LaLonde and Sullivan that finds that there are large and persistent earnings losses for displaced workers. So displaced workers are often defined as workers who separate from a distressed firm so a firm that is experiencing a large decline in employment by firing many workers.

And so many subsequent papers have confirmed these large and persistent earnings losses and in a more recent strand of this literature has been working on trying to understand the source of these earnings losses. And so this literature on displaced workers has really highlighted some of the costs of worker reallocation and the harms to workers.

And so in this paper we're going to extend the literature on displaced workers in two important ways.

So first we're going to estimate the earnings consequences of job separations for all separators so looking at workers who separate from both distressed and from non-distressed firms.

And second we're going to examine how the earnings consequences of job separations depend on the amount of time it takes to find a new job.

So just to give you a brief preview of results we're going to tackle this question using administrative date from the United States, specifically from the LEHD program and we have a couple of main findings.

So first we find that firm distress is not predictive of earnings losses. So workers who separate from non-distressed firms experience similarly large and persistent earnings losses compared to workers who separate from distressed firms. Rather, the key predictor of earnings losses is the amount of time it takes to find a new job.

So workers who immediately find a new job after separating from their previous employer tend to experience modest earnings gains and this is consistent with kind of the positive aspects or beneficial aspects of worker reallocation.

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In contrast, workers who spend an extended period of time in nonemployment prior to finding a new job tend to experience large and persistent losses in earnings. So this speaks to the cost of worker reallocation.

And furthermore we find that spending time in nonemployment before finding a new job is strongly associated with workers moving to lower paying and less productive firms. And so kind of the key implication of our findings is that we think that future work should really try to aim to better understand the strong relationship we find between earning losses and the amount of time workers spend in nonemployment.

And while we - in this paper we can't with complete confidence pinpoint the mechanism that explains this relationship we think that based on some of our results we think that models of the labor market that emphasize the existence of job ladders whereby some firms pay more than other firms, appear to be a really useful framework to study the problem.

And so there are a couple recent papers by people like (Gregor Josh) and (Powel Krulokowski) who have developed models with job ladders to study the earnings of displaced workers.

And while we think that these types of models are a useful starting point, none of the existing models or explanations in the literature offer a clear reason for why we see this very strong relationship between earnings losses and the duration of nonemployment. So the empirical patterns we find in this paper are something to be explored in future work.

So before jumping into the results I will give you a brief overview of the data that we used to tackle this project.

So as I mentioned we used data from the United States specifically from the LEHD program. And so this is an administrative dataset that provides a quarterly panel of linked employer and employee dataset data. And we're going to focus on a sample of workers from five large states specifically California, North Carolina, Oregon, Wisconsin and Washington.

And there are - in terms of workers there are a couple of important restrictions and definitions to mention at the outset. So we're going to focus on a group of workers who are employed with at least three years of tenure in 2005 of - Quarter 2 of 2005 and we're going to focus mainly on two types of workers.

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So the first type we're going to refer to as stayers. These are individuals who remained at that same employer through the end of 2005 so they stayed with their employer and there's about 700,000 of these workers in our sample.

And the second type of worker we're going to focus on are separators or permanent separators and these are individuals who separated from their employer in 2005 and found a new employer within eight quarters. And so there's about 200,000 of these workers in our sample.

There are some workers who separate from their employer and then end up returning at a later date. We're going to refer to these as recalls and for most of the analysis we won't be focusing on these workers since the focus of our paper is really about worker reallocation so workers moving to new firms.

From the employer perspective the key definition to mention is the definition of distressed. So following the large literature on displaced workers we define a distressed firm as a firm that experiences a decline in employment by at least 30% between 2005 Quarter 2 and 2006 Quarter 2.

And then non-distressed firms are just the complement of that so firms that aren't shrinking by a large amount. And because it's difficult to measure changes in employer side for very small firms we're going to exclude firms with fewer than 50 employees from the sample.

Okay so this slide presents some basic summary stats and kind of the main results from the paper are readily apparent from these simple summary statistics.

So to describe what I have here let's focus first on the right panel labeled ‘distressed'. And so what I'm doing here is I'm plotting the average quarterly earnings from different groups of workers. All of the workers in this right panel are from - were employed at a distressed firm in 2005. And I am plotting the quarterly earnings in the three years before and six years after this reference quarter.

And so the solid black line plots the series for stayers so workers who remained at that employer. The green line above that is the average quarterly earnings for workers who separate and find a new job in the same quarter in which they separate.

And so as you can see both the level and the trend of earnings for this group of separators is similar to the stayers.

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And then for this blue line here are the group of workers who separate and find a job in the adjacent quarter and the remaining lines represent the average earnings of workers who separate and experience one, two, three or four or more quarters of nonemployment before finding a new job.

And what is immediately apparent from looking at this figure is that there's a strong relationship between the amount of time workers are spending in nonemployment and the earnings losses.

So it's really only for the workers who experience, you know, an extended period of time in nonemployment who were seeing these large persistent declines in earnings relative to their pre-separation earnings.

And the second thing to note from this figure is if we look over at the left panel these are the analogous results produced for workers who are at non-distressed firms and we see virtually the same patterns here, both qualitatively and quantitatively.

So together this set of simple summary statistics makes kind of two key points in the paper. One is that firm distress is not predictive of the earnings losses of separators and, two, there's a strong association between earnings losses and the amount of time spent in nonemployment.

And so in the remainder of the paper we're going to kind of formalize this relationship and then investigate some possible explanations for why we see such a strong relationship between time spent in nonemployment and earning losses.

So to do this we're going to start by using a regression framework and estimate a distributed map lag model which is actually the exact specification used in the Jacobson, LaLonde and Sullivan paper that I mentioned in the introduction slide.

And so specifically we are going to be focusing on a panel of quarterly labor market outcomes that includes data six years before and six years after the 2005 Quarter 2 reference quarter. And our outcome variable is going to be quarterly earnings.

And our main independent variables are an individual fixed effect, a quarter fixed effect, a polynomial and age interacted effects. And then the key independent variable is an indicator for whether an individual is a separator interacted with the time since separation.

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And so this slide presents the key estimates from the empirical specification.

On the right panel labeled ‘distressed' we're presenting the estimates for workers who separate from distressed firms. And so these estimates here replicate the main findings of the original paper on displaced workers and show that workers who separate from a distressed firm experienced a large immediate drop in earnings and then a gradual and only partial recovery.

And so even six years after the separation these earnings are - these workers are still suffering from about a 2,000 per quarter earnings penalty. So each year they're earning about 8,000 less than they would had they not separated.

And so the looking then to the left panel this presents results for non-distressed workers - sorry, workers who are at non-distressed firms. And the key takeaway is that making a comparison between these two figures, it's clear that the earnings losses for workers who separate from non-distressed firms are both qualitatively and quantitatively similar to the earnings losses for workers who separate from distressed firms.

So this again shows that firm distress does not seem to be very predictive or strongly associated with the earnings losses associated with job separation.

And so the key innovation of this paper then is that we extend the distributed live model in order to allow for heterogenous effects by the amount of time it takes to find a new job or how long workers spend in nonemployment before becoming reemployed.

And the estimates from that specification are presented in these two figures here.

And so on the right panel we see that the results are presented for distressed firms and again we see as in the simple summary statistics there's a strong relationship between a duration of nonemployment and the earnings losses.

So workers who immediately find a job after making a job separation don't appear to suffer any meaningful earnings losses, whereas workers who are spending, you know, more than a couple quarters in nonemployment before finding a new job are suffering really substantial long-term persistent earnings losses.

And again the comparison between the distressed and non-distressed sample reveal that we find very similar patterns in terms of the relationship between earnings losses and time spent in nonemployment for both of these samples.

So we also look at the relationship between the time spent in nonemployment and the growth rate of the firm that individuals are separating from.

In this figure what I've done is plotted the proportion of individuals who are employed by a given quarter after separation and these proportions are presented separately for four different groups of firms.

So rapidly shrinking, so these are the distressed firms that are shrinking rapidly. Slowly shrinking, slowly growing and rapidly growing.

And the main takeaway from this figure is that the growth rate of the firm from which a worker separates does not appear to be related at all to how long it takes workers to find a new job.

And so in light of the results that I showed you in the previous two slides this finding should not be too surprising.

One thing I will note here that we do find some interesting results when looking at recalls.

So this figure much of the previous analysis or all the previous analysis have been focusing on workers who separate and then find a new job at a different firm. Recalls are workers who separate but then return to the same firm. And this figure shows that workers who separate from rapidly shrinking firms, so this green series here, are much less likely to ever be recalled than workers separating from more healthy firms that are growing more rapidly.

And so I guess the point here is just to say that, you know, highlighting that we are in fact in this paper focusing on permanent separators so workers who've changed employers and that recalls are kind of a separate phenomenon which, yes, should be dealt with separately.

So I guess the key question then at this point is what is the explanation for this strong relationship between earnings losses and the time spent in nonemployment. So in this paper we weren't able to provide a perfectly convincing answer of what this mechanism is however we do have several results that shed light on the plausibility of a couple of different competing explanations so I'll talk about a few of those now.

So one possible explanation is that these patterns are driven by worker heterogeneity so more specifically differences across workers may be correlated with earnings losses and the duration of nonemployment. So for example workers may differ in their attachment to the labor market and workers who are more weakly attached to the labor market may be more likely to spend a significant period in nonemployment and maybe more likely to accept lower wages upon finding a new job.

However we have a number of results that suggests that worker heterogeneity is not driving the results.

The key intuition here is that, you know, these explanations that have to do with worker heterogeneity are really much more relevant for workers who are separating for reasons based on their own choices. And in using several different methods we show that our main results are robust within different samples that vary to the extent to which we think that workers are separating for reasons that are driven by their own choices.

So for example I previously showed you that the earnings consequences are similar for workers from distressed and non-distressed firms, that workers who separate from distressed firms are much more likely to separate because of decisions made by the firm and not the worker.

Indeed that's part of the reason why the literature is focused so much on distressed or, yes, workers who separate from distressed firm whereas workers who separate from non-distressed firms are much more likely to do so because of their own decisions. And the fact that we observe similar patterns within these two samples provides some evidence that worker heterogeneity is not driving the results.

A second possible explanation is that has to do with labor demand.

So it could be that some workers are experiencing a decline in demand for the skillset they have and this makes it more difficult to find a job and also more difficult to find or more likely that they're going to suffer an earnings loss when they do eventually find a job. However suggesting against this mechanism is that we find that our main results are robust within some samples defined by the strength of the local labor market.

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So in particular we measure local labor market strength by the employment growth rate within industries or occupations within the state. And while this might be a course measure of local labor market conditions the results at least don't provide any indication that the relationship between earnings losses and nonemployment is driven by changes in labor demand.

The third possible explanation has to do with human capital. So it could be that the human capital, the worker depreciates while non-employed.

While we don't have any direct evidence on this mechanism we think that it's not the likely candidate here because it seems a little strange that we would find such large and persistent earnings losses for relatively short spells of nonemployment.

So if it is - if the results were to be driven by human capital human capital would have to depreciate at a very rapid rate, that seems somewhat implausible to us.

And the last likely contender is a story about job ladder. So it's possible that it's difficult to find a job at a high paying firm if you're searching from a state of nonemployment.

And on this last mechanism we actually find some evidence that is quite consistent with this explanation.

So this evidence that I'm presenting here shows that workers who spend more time in nonemployment before finding a new job tend to move to lower paying firms. In particular what we do here is we leverage the entire LEHD so all workers in the LEHD and estimate firm-specific pay premium using the AKM empirical model. So specifically we regress log earnings on worker and firm fixed effects and under a certain set of assumptions the firm fixed effect can be interpreted as firm-specific pay premium.

And then what we do is we calculate the difference, for workers who separate we calculate the different between the firm pay premium at their origin firm and the firm that they end up at and then using the regression we look at the relationship between the change in the firm fixed effect and the growth rate of the firm as well as the amount of time workers spend in nonemployment which is plotted on the X axis.

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And so what these results suggests is that in this - in the point farthest to the left for workers who make a within quarter transition, so find a new job in the same quarter in which they separate from their original employer, these workers tend to move to firms that pay about 2% more.

However moving to the right on the figure we see that workers who spend at least four quarters in nonemployment before finding a new job are - tend to move to firms that pay about 10% less.

And furthermore we see fairly similar patterns for workers that separate from rapidly shrinking to rapidly growing firms.

And so to get a better sense of whether how closely or how much of the results, our results could be explained by these differences in firm-specific pay premium we can compare these estimates to what we find at the individual level.

So on the right figure here I'm simply reproducing the same figure from the previous graph and now on the left-hand side we're estimating a similar specification but now the outcome variable is the log difference in individual earnings instead of the firm-specific pay premium.

So this figure on the left simply confirms the main findings of the paper, which is that, you know, firm distress is not particularly predictive of earnings losses but time spent in nonemployment is strongly predictive of earnings losses. So we see that these individuals who are spending, you know, one to four or more quarters in nonemployment are experiencing large earnings losses.

And the important thing then to take away from this slide is we can then compare these results with individual earnings to those that are looking at the firm fixed effect.

And our main takeaway from this is that, you know, clearly the individual effects appear to be a bit larger than the firm, then the difference in the firm fixed effect at least in the differences across duration of time spent in nonemployment but they're not kind of - the differences between these two figures are not in order of magnitude.

So we think that the comparison between these two figures suggests that one important reason, maybe not the whole reason but one important reason why workers tend to suffer larger earnings losses when spending time in more - more time in nonemployment is because they tend to move to lower paying firms.

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So I'll just wrap up here then.

And just to summarize the main findings of the paper, we find that earnings losses are not specific to separations from distressed firms. So workers who separate from non-distressed firms experience similarly large and persistent earnings losses after a job separation. Rather, the key predictor of earnings losses appears to be the amount of time spent in nonemployment.

So workers who make an immediate job to job transition tend to experience modest earnings gains whereas those who spend a substantial period of time in nonemployment tend to suffer large earnings losses. And furthermore duration of time spent in nonemployment also appears to be associated with movement to lower paying firms.

And so I guess the key implication of the paper to reiterate is that existing models of the labor market cannot readily explain this strong association between earnings losses and nonemployment. And we think that building on kind of models that emphasize the role of imperfect competition and producing job ladders in order - in extending those models so that they can incorporate this empirical relationship between earnings losses and time spent in nonemployment. This should be a future - a priority for future work.

And so one last thing that I'll end on here is that I want to emphasize that, you know, the point of our paper is not to say that the emphasis on displaced workers is misplaced. And there's a couple of reasons why we might, even given these findings, we might be particularly interested in displaced workers.

The first is that even though - even if displaced workers -- so workers who separate from a distressed firm -- experience similar earnings losses to workers who separate from a non-distressed firm, we might still think that workers who separate from a distressed firm might have kind of greater welfare losses, especially if we think that those separations are even more likely to be unanticipated or more likely to be involuntary.

And then the second point is that separations from distressed firms are more likely to be exogenous in that they're less likely to be driven by choices made by the worker. And this simplifies the interpretation of the empirical estimates of looking at the earnings consequences of workers who separate from a distressed firm.

And so we think there are some good reasons why we should be particularly interested in workers who separate from distressed firms, displaced workers. But our point here is that if we really want to understand what's driving these earnings losses, we should turn our focus to the role that time spent in nonemployment is playing.

So that's all I have. Thank you all for coming. I'm happy to now stick around and respond to any questions that you might have.

Coordinator: Thank you.

Once again if you would like to submit a question or a comment please press Star 1 on your phone, record your name and your line will be open. That is Star then 1.

To withdraw your question you may press Star 2.

One moment as questions queue up please.

(Earlene Dowell): Thank you, Matt.

I would like to ask that we please keep your questions pertaining to the presentation with only one follow-up question.

And if you have any questions pertaining to the 2020 Census please go to 2020Census.gov.

While you were giving your presentation we actually had a few questions that came in on the chat. One of the questions was, “Will you be providing a bibliography?” Regarding the presentation.

Matthew Staiger: So I don't have that in the slides but we currently have a working paper, Cleveland Fed working paper out that has all of the citations that are in the paper and I believe also in these slides as well.

So if you just Google the name of the paper you should be able to find it online and that will have all the citations there.

(Earlene Dowell): Okay and then another question was, “Are there separators within the stayers or in three quarter a typo?” And that was on Slide 5.

Matthew Staiger: So, sorry, could you - I can't, for some reason I can't see the chat. Can you repeat that last question.

(Earlene Dowell): Yes it's, “Are there separators within the stayers or is 3Q a typo?”

Matthew Staiger: So I don't believe there's a typo here.

The group - I guess to clarify a little bit, the group of stayers and separators are a distinct group of workers.

So stayers are individuals who remain at the employer that they were at in Quarter 2 of 2005 for three additional quarters so through the end of 2005. And separators in contrast are workers who leave their employer in Quarter 2 of 2005 and within eight quarters they find a new job at some other firm.

I'm not sure if that answers your question.

(Earlene Dowell): Okay. And the other question is, “Do we know anything about industry or occupation of those separated or the other job characteristics when reemployed?”

Matthew Staiger: So in the paper we do provide some descriptive statistics that characterize the workers in our sample. So I can say a couple things on that.

So for example, like, I know, like, the most common industry from which the distressed separators are coming from is durable manufacturing whereas I think the more - another common industry for non-distressed separators is retail trade.

And so we do have - we do in the paper have some details about, like, where these individuals are coming from. We haven't done much in terms of looking at, like, industry switching so whether or not, like, the difference between the industry that people start at and where they end up at.

It's something that we eventually could do with the data but that was kind of outside of the scope of the paper for now.

(Earlene Dowell): And Matt, there's a few more questions in the chat. So, "Do you have plans to explore whether age has any affect upon the earnings?"

Matthew Staiger: So one of the things we do in the paper which is part of this when we're trying to rule out this possible explanation, so we try to rule out the possibility that the relationship between earnings losses and the time spent in nonemployment is driven by worker heterogeneity so just differences across workers. And one of the things we do there is cut the sample by different subgroups of workers partly defined based on their age.

And so within all of the samples that we've looked at so far we continue to find the strong relationship between time spent in nonemployment and earnings losses and a very weak relationship between firm distress and earnings losses.

We haven't explicitly dug into whether or not there's kind of heterogeneity in the earnings losses by age. So for example, like, if kind of young workers appear to experience substantially larger earnings losses. I know other work has done that but that's not been the - that wasn't kind of the focus of our paper so we haven't looked into that at all.

(Earlene Dowell): All right and, "Were you able to plot and see any differences between males and females that have separated?"

Matthew Staiger: So we have - I guess this is a similar answer to the last question we had. To the extent that we've looked at subgroups it's been less to examine whether or not, like, there's differences across these groups and more to try to understand whether or not we're seeing the same patterns in terms of this relationship between nonemployment and earnings losses within all of the subgroups.

So we have looked at the results by for example in a sample of prime age men who are between the ages of 35 and 44 and have compared what those results look like to results that are estimated on a sample of women who are aged 25 to 34 and even to women who are new mothers so who give birth around 2005 Quarter 2. And within all of these different samples we continue to find this strong role of nonemployment in its relation to earnings losses.

At least excluding the results for new mothers if I'm remembering correctly we see pretty fairly similar results, like, across the sample of men and women. But definitely the emphasis of the paper has not been so much to compare the effects for men and women but rather to see if our - the main findings in terms of this relationship between earnings losses and nonemployment is robust within those different subgroups and that certainly is the case.

(Earlene Dowell): Another question is, “Is it possible the lower earnings could be associated with personal household distress and desperation?”

Matthew Staiger: So I think this is another - yes so, okay so I guess there's a few ways to think about it. One way to interpret that question is that it is a explanation in which time spent in nonemployment is actually producing these earnings losses.

So you could imagine a scenario where someone loses their job and as they spend more and more time in nonemployment they're draining their savings and they become more and more desperate to find a job. So, you know, the first one maybe they would only accept kind of a pretty decent paying job but by a year after they've lost their job they would accept any job.

And this could be explained, this relationship between the duration of nonemployment earnings losses because it's only the ones who are finding a job a year later who are taking these, you know, the fast-food restaurant at - the job at McDonald's.

So this is definitely one of the explanations and possible mechanisms we had in mind. And I think this is, like, so I think the results that we have on this suggests that if this is part of the story then it seems that part of this happening because workers are - if workers are becoming increasingly desperate they're becoming increasingly likely to accept a job at a low paying firm.

And so I think, like, that's definitely a possible explanation in trying to differentiate between that and other explanations is kind of an interesting area for future research.

Coordinator: Okay we do have questions online…

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(Earlene Dowell): And then one last - oh I'm sorry, (Katrina), you go.

Coordinator: Okay first question is with (Carmen Harteman). Your line is now open.

(Carmen Harteman): Yes can you hear me?

Matthew Staiger: Yes.

(Carmen Harteman): Hello?

Matthew Staiger: Yes I can hear you.

(Carmen Harteman): You can hear me okay. You know, what I just typed mine out and I'm hoping you can get it. I went to the RTT the other party can see my typing. Can I send that transcript through? Because it's a little bit detailed to address.

I've been through Department of Vocational Rehabilitation Services from 2002 all the way up until they basically tried to say that there was nothing else they could do for me. I have my documentation. It took me 3-1/2 years to get it.

I have - we've been in Lawton, Oklahoma from Fort Sill, Lawson, Oklahoma since 1995. We were supposed to have been family retired in 2008 and it did not happen. I've been to so many different agencies and filed things.

Woman: (Katrina) are you there?

Coordinator: Yes can you hear me?

Woman: Now we can thank you.

Coordinator: Okay.

(Earlene Dowell): Thank you so I do have another question in the chat and it's very extensive. So, "Could the slightly higher earnings for workers in distressed firms that were unemployed for not more than one quarter be due to the reasons for separation? That is more high-quality applicants would be laid off for financial reasons and they get…

Man: Thank you.

(Earlene Dowell): …snapped up quickly. Also could you…

Man: No.

(Earlene Dowell): …elaborate on worker heterogeneity." Okay I'm sorry is there someone on the call that is asking the question?

Man: Nope.

(Earlene Dowell): Okay. So Matt were you able to hear that question?

Matthew Staiger: Yes I'm trying to - is there a way for me to see the chat?

(Earlene Dowell): Yes so if you click on the bubble that says chat you should be able to see it. It should be down in the right-hand corner.

Matthew Staiger: Okay now I got it.

(Earlene Dowell): All right you see that question?

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Matthew Staiger: Does a slightly higher earnings for workers - okay yes I just need a second to re-read it. So I'm not sure if I understand the first part of the question. I get - so I mean happy - if someone can clarify happy to try to give a better answer to it.

But in terms of the second part of the question and just elaborating on worker heterogeneity I guess the, like, what we mean by that is when we're trying to understand - so empirically we see that there's an association between workers who - the amount of time spent in nonemployment and earnings losses. And the kind of worker heterogeneity bullet point was simply referring to the idea that it's possible that some of this relationship could be driven by kind of unobserved differences in workers.

So it might be that, you know, workers who tend to take extended breaks from the labor market are the same types of workers who tend to accept lower wages upon returning. And so in that story there might be nothing kind of - we might not be particularly concerned about the earnings losses of people who spend time in nonemployment because it's really resulting from a choice that these workers are making.

And however, you know, a number of pieces of results in the paper, some of which I talked about in the presentation, suggests that this type of explanation that emphasizes the role of worker heterogeneity is not the thing that's driving the results.

(Earlene Dowell): Did you want me to continue reading from the chat or are you…

Coordinator: We do have several questions in the queue.

(Earlene Dowell): Okay go ahead, (Katrina). Sorry.

Coordinator: Okay (Chris McClaren) your line is now open.

(Chris McClaren): Oh thank you. Matt this was a very interesting presentation. And actually can you hear me?

Matthew Staiger: Yes I can hear you well.

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(Chris McClaren): Oh okay great, great.

So my question is really about - you mentioned that there's stayers and separators. Did you also find or, and maybe you answered this earlier and I didn't catch it, but were there people in your sample that separated but did not find a job within the time period you looked at? And if so were there any differences in based on whether someone lost a job from a distressed or a non-distressed firm?

Matthew Staiger: Yes so that's a great question. We do find - so about 10% of people who, workers who separate in our sample never end up or at least do not find a new job within eight quarters, within two years.

That number is actually pretty similar between the distressed and non-distressed samples.

And basically the reason why - one of the reasons why we exclude those people from the sample is it's not really clear what's going on with those workers. So it's possible that it really is the case that 10% of workers are, of these people who separate are just, you know, remain unemployed or leave the workforce but it's also possible that they take up jobs that are not covered in the data that we're using.

So the coverage of the LEHD is fairly complete but there are definitely gaps in the data. So certain government jobs, jobs in agriculture or some states have periods where they're not fully reporting and so probably reason that we don't include them in the analysis.

But at least for differences between the distressed and non-distressed firms we find, you know, a similar proportion of individuals fall into this category of never finding a new job within the two-year period.

(Chris McClaren): Okay thank you. Just a really quick follow-up, when you're looking at the data by state, so if someone were to move out of the state, would you - you wouldn't be picking up their earnings correct?

Matthew Staiger: So we actually would.

(Chris McClaren): They would okay.

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Matthew Staiger: The restrictions that I mentioned on state are applied to the sample that we consider defined by, like, where they are in 2005. But for anyone who moves to another state we're going to continue to measure their earnings there.

The one exception to that is that there's a handful of states that don't begin reporting to the LEHD dataset until later on in the 2000s and if someone moved to one of those states we just wouldn't have earnings on them.

But for the vast majority of people we would be able to track them as they moved to other states.

(Chris McClaren): Okay great thank you.

Matthew Staiger: Yes.

Coordinator: Okay our next question comes from (Steve Sense). Your line is now open.

Man: (Steve Sense), who's that.

Woman: That's (Tim)'s cousin.

Coordinator: Okay you said (Steve Sense).

Man: (Unintelligible).

Coordinator: Do you have a question (Steve)? Okay. All right the next question is from (Carmen Harteman). Your line is now open.

(Carmen Harteman): Okay thank you. I was on and I started asking questions and I did type mine through and then I didn't hear anything and I was not sure if you all were able to get my question. It was about the fact that we have been military since, like, way back in the late ‘70s, ‘80s all the way till now.

We're supposed to be family retired. The soldier retired himself in then did not retire the rest of the family. Me on the LES is reported as spouse and I'm still married to him but we're separated. We have three children, three grandchildren.

And I've been through the Lawton, Oklahoma the Department of Vocational Rehabilitation Services, there was no help. I was actually screamed at in quite a few of their sessions. I went to them on a regular basis but I didn't even meet the actual case worker. And I signed into that…

(Earlene Dowell): Ma'am this is not pertaining to the presentation.

(Carmen Harteman): It's not about labor and working and displaced workers?

(Earlene Dowell): It doesn't sound like it's pertaining to that but if you would like to send the question to me I will try to put you through to somebody.

(Carmen Harteman): How do I do that?

(Earlene Dowell): I'll give you…

(Carmen Harteman): Okay how - what do I do for getting that sent to you? How do I do that?

(Earlene Dowell): I will put my - I'm going to put my email in the chat.

(Carmen Harteman): Oh now how do I access the chat? Is that where I typed my question in already?

(Earlene Dowell): Yes ma'am.

(Carmen Harteman): Oh okay. Let me see one…

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(Earlene Dowell): Thank you.

Coordinator: Okay at this time there are no further questions in queue.

(Earlene Dowell): Matt, did you see all the questions in the chat?

Matthew Staiger: I have the chat open so I can try to scan through these and see if there's any ones I didn't answer here.

(Earlene Dowell): And then if you could does your last slide have your contact information?

Matthew Staiger: You know what, I didn't put - my contact information is not on the - not on here. I can - I will write my email in the chat right now though.

(Earlene Dowell): Okay so if you would just go through the chat and just try to answer the questions. And if anyone needs to be in touch with you they can also contact me so - do you want to answer those questions…

Matthew Staiger: Yes so I'm going through now. So I got one question that says, "How are job ladders defined in the study your data?"

So in the results I showed you on these slides we use a measure of job ladders that leverage earnings and account for different characteristics, like, across workers. So in particular that measure of job ladders is based on an empirical methodology pioneered by a well-known paper by (Abaum), (Komars), (Nogolis), and that comes from basically that measure of job ladder it comes from regressing log earnings on worker and firm fixed effects. And the measure of the job ladder is basically the firm fixed effect from that regression.

In the paper we also look at a number of other ways of defining job ladders. So there's a wide class of models that predict that kind of imperfect competition in the labor market produces these job ladders and those class of models suggests that firms that are higher up on the job ladder should also, they should pay more and they should also be more productive.

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And so in the paper we look at different measures of job ladders that use average earnings and also data on productivity and we find similar results with these other measures of how to define job ladders.

So I got one question that says, "Do you believe the results of your study would be similar if you updated the data to be more current?" So this is a great question.

We - in the paper we actually look at different - we do replicate our main results in different samples that span different points in the business cycle. So specifically instead of just looking at workers who were employed in 2005 Quarter 2 we also look at workers who were employed in 1999, 2001 and 2009. So, you know, very different points of the business cycle.

And within all of those different points we continue to find the core results which is that there's very little relationship between the - between firm distress and earnings losses and there's a very strong relationship between duration of time spent in nonemployment and earnings losses.

So I think probably if we looked at even more recent data we would continue to find similar things although not sure what things would look like if you looked at them in the current economic crisis.

But one I guess interesting thing to point is that we do find some differences relative to some older studies in terms of some older work found very small earnings losses for workers who separate from non-distressed firms and we think that the difference between those older studies and our study is partly due to place and time.

And so while I'm usually confident that the results will be robust at least up to this current recession I do think place and time plays an important role here.

Okay so I got another very good question that says, "Speaking of McDonald's what about when automation eliminates low paying jobs?" And I think this is kind of, like, very consistent with the overall motivation of the paper which is that, you know, we observe these large loss in terms of large earnings losses for people who are losing their jobs and this could happen either because this could happen from automation, this could happen from trade or just from kind of some normal competitive processes in the labor market.

And so automation may be part of the reason why we see job loss.

And I think the key point here is just that, you know, if we want to devise effective policies that mitigate these adverse consequences of job loss we really need to understand why it is that job loss is associated with such large and persistent losses in earnings.

And so our paper is trying to push a little bit on that front to give us a little better idea of why it is that we observe these earnings losses.

(Earlene Dowell): Okay I think that's all I see in the chat. I would like to thank everyone for joining us this afternoon. The LED webinar series will continue again February 17, 2021 at 1:30 pm Eastern Standard Time.

Until then happy holidays and please stay safe.

Coordinator: Thank you all for your participation, you may disconnect, speakers remain on the line please.

END