U.S. Labor Market Dynamics in the 21st Century
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1 Female Labor Supply and Food Stamp Receipt in the Post-Welfare Reform Era (job market paper)

I investigate the trend reversal in the labor supply of single childless women that occurred at the turn of the 21st century and its continued decline over the last decade. I find that while traditional static labor supply theory and demographic transitions fall short in explaining this recent phenomenon, there is strong evidence that increased participation in the Supplemental Nutrition Assistance Program (SNAP) has contributed to the decline. I identify the impact of SNAP on both the extensive and intensive margins of labor supply with an instrumental variables approach that exploits the state-level variation of post-2000 policy reforms affecting SNAP eligibility and enrollment criteria. Adding more structure to the model by framing program participation as a latent variable discrete choice, I test whether or not this choice interacts with individual unobserved heterogeneity – in other words, if individuals decide to participate in SNAP based on expected idiosyncratic gains – and estimate the effect of SNAP on labor supply for the marginal participant. Estimation results from a normal selection model and the method of Local Instrumental Variables show that SNAP participation is largely detrimental to the labor market productivity of single childless women, for whom observable gains of participation are small but unobserved gains from participation are large, suggesting they perceive the transaction costs of participation to be low.

2 The Recent Decline of Residential Mobility and Job Switching (with Henry Hyatt, Erika McEntarfer, and Ken Ueda, in progress)

In the last two decades, the rates of both residential mobility and employment reallocation have declined. In this paper, we investigate the relationship between the declines in interstate migration and job-to-job flows using measures calculated from both survey data and the Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) data, pulled from administrative records that allow us to explicitly identify job transitions. We find that the LEHD data produce an interstate migration rate that has not trended downward nearly as dramatically as the Current Population Survey (CPS) suggests and is highly pro-cyclical over the years 2000 to 2010. However, the proportion of the decline in residential migration accounted for by economic migration is nearly twice as high in the LEHD data as in the CPS, suggesting that decreasing interstate job-to-job flows play a significant role in dampening residential migration. We quantify the impact of changes in demographic composition on both types of migration rates, and find that only a small fraction of the declines can be attributed to explained variation. Finally, we find that earnings changes associated with interstate job-to-job flows are highly pro-cyclical but lack a strong trend that would make shrinking returns to cross-state job changes a plausible explanation for the decline in interstate migration.

3 The Role of Employment Transitions in Earnings Volatility (in progress)

The recent literature on earnings inequality beginning with Gottschalk and Moffitt (1994) has yet to reach a consensus on the trend in earnings volatility, particularly over the last decade. Specifically, results from a number of different data sources have been difficult to reconcile. This paper seeks to shed more light on the debate by using administrative records data to investigate earnings dynamics since the turn of the century. The Longitudinal Employer-Household Dynamics (LEHD) data provide comprehensive earnings histories for the universe of workers at a quarterly frequency, as extracted from UI wage records. In contrast to much of the literature that has attempted to decompose the variance of earnings into permanent and transitory components, I take a more transparent approach and look at movements across percentiles of the earnings distribution. Since the LEHD data provide quarterly earnings histories for the universe of workers, I exploit this detail to focus on workers who undergo job transitions. Specifically, I look at direct job-to-job flows as well as transitions involving nonemployment spells. I also investigate the relationship between earnings volatility and industry transitions.