Table 3
Summary of Estimated Abowd, Kramarz, and Margolis (1999) Models for Portuguese Men, Alternative Normalizations of Age Function

	Cubic Age Function Flat				
	Age 40 (Baseline) (1)	Age 50 (2)	Age 30 (3)	Age 0 (4)	Gaussian Basis Function (5)
SD of person effects (across person-year observations)	.42	.41	.46	.93	.44
SD of firm effects (across person-year observations)	.25	.25	.25	.25	.25
SD of Xb (across person-year observations)	.07	.10	.12	.74	.08
Correlation of person/firm effects	.17	.16	.17	.14	.17
Correlation of person effects and covariate index	.19	.19	−.32	−.89	−.06
Correlation of firm effects and covariate index	.11	.14	−.03	−.08	.04
Inequality decomposition (percentage of variance of log wage explained):					
Person effects + covariate index	63	63	63	63	63
Person effects	58	54	70	282	62
Covariate index	2	3	4	180	2
Covariate of person effects and covariate index	3	5	−11	−399	−1
Firm effects	20	20	20	20	20
Covariance of firm effects with person effect + covariate index	12	12	12	12	12
Covariance of firm effects with person effects	11	10	13	21	12
Covariance of firm effects with covariate index	1	2	−1	−9	0
Residual	5	5	5	5	5

NOTE.—The sample includes 8,225,752 person-year observations for male workers in the largest connected set of QP in 2005–9. Sample and baseline specifications are the same as in the study by Card et al. (2016). Models include 1,889,366 dummies for individual workers and 216,459 dummies for individual firms, year dummies interacted with education dummies, and function of age interacted with education dummies. The age function in models in cols. 1–4 includes quadratic and cubic terms, with age deviated from 40, 50, 30, and 0 for models in cols. 1–4, respectively. The age function in model in col. 5 is a Gaussian basis function with five equally spaced spline points. All models have the same fit; root mean square error of the model is 0.143, and the adjusted R^2 is 0.934. SD = standard deviation; Xb = fitted covariate index.