

Downskilling: Changes in Employer Skill Requirements Over the Business Cycle

Alicia Sasser Modestino^a

Daniel Shoag^b

Joshua Ballance^c

Revised: February 29, 2016

Using a novel database of 82.5 million online job postings, we show that employer skill requirements fell as the labor market improved from 2010-2014. We find that a 1 percentage point reduction in the local unemployment rate is associated with a roughly 0.27 percentage point reduction in the fraction of jobs requiring at least a bachelor's degree and a roughly 0.23 percentage point reduction in the fraction requiring 5 or more years of experience. This pattern is established using multiple measures of labor availability, is bolstered by similar trends along heretofore unmeasured dimensions of skill, and even occurs within firm-job title pairs. We further confirm the causal effect of labor market tightening on skill requirements using a natural experiment based on the fracking boom in the U.S. as an exogenous shock to local labor supply in tradable, non-fracking industries. These industries are not plausibly affected by local demand shocks or natural gas extraction technology, but still show fewer skill requirements in response to tighter labor markets. Our results imply this labor-market induced *downskilling* reversed much of the cyclical increase in education and experience requirements that occurred during the Great Recession.

Key Words: Labor Demand, Skills, Vacancies, Unemployment, Firm behavior.

JEL classifications: D22, E24, J23, J24, J63.

^aNortheastern University, 310 Renaissance Park, 360 Huntington Avenue, Boston MA 02115. a.modestino@neu.edu (Corresponding Author)

^bHarvard University, John F. Kennedy School of Government, Mailbox 114, 79 JFK Street, Cambridge, MA 02138. Dan_Shoag@hks.harvard.edu

^cFederal Reserve Bank of Boston, 600 Atlantic Avenue, Boston MA 02115. joshua.ballance@bos.frb.org

Acknowledgements: The authors thank David Autor, Bill Dickens, Chris Foote, Harry Holzer, Lisa Kahn, Thomas Kochan, Yolanda Kodrzycki, Phil Moss, Paul Osterman, Jessica Wolpaw Reyes, Jonathan Rothwell, Robert Triest, Jeff Zabel, Bo Zhao, and seminar participants from Amherst College, the Harvard Kennedy School, Massachusetts Institute of Technology, Northeastern University, Wellesley College, and the SOLE/EALE 2015 Congress for their valuable comments and insights. Special thanks to Dan Restuccia, Matthew Sigelman, and Bledi Taska of **Burning Glass** Technologies for supplying the data and providing insights regarding the collection methodology. We also thank the Russell Sage Foundation for their generous support of this work (award #85-14-05). All remaining errors are our own.

I. Introduction: Secular versus Cyclical Shifts in Skill Requirements

The persistent weakness of the U.S. labor market during the period following the Great Recession remains poorly understood. As of 2012, two years after the official end of the Great Recession, the unemployment rate still hovered around 8 percent despite employers reporting more vacant positions. This shift in the relationship between unemployment and vacancies, known as the Beveridge curve, has highlighted the need to focus not just on the number of vacancies, but on their composition and skill requirements as well (Diamond and Sahin 2014).

A number of explanations for this shift have been proposed, each with potentially different policy implications. In particular, some have interpreted the shift as a deterioration in the matching/hiring process in the economy such that idle workers may be seeking employment in sectors different from those where the available jobs were. For example, Sahin et. al. (2014) measure the degree of mismatch between vacancies and workers across occupations and geographies and find that mismatch can potentially account for one-third of the increase in the unemployment rate during the Great Recession. Yet the lack of wage growth observed even within industries and occupations with relatively strong demand in the U.S. would suggest little or no role for labor market mismatch. This observation has prompted others to explore the importance of the composition of workers and the motivation of job seekers in explaining recent movements in the Beveridge curve. (Veracierto, 2011; Barnichon and Figura, 2010; Shimer, 2012; Fujita and Moscarini, 2013; Hall and Schulhofer-Wohl, 2013, Mukoyama, Patterson, Sahin 2014; Hagedorn et al. 2014)

More recently, the literature has focused on a third potential factor contributing to this observed shift in the Beveridge Curve—namely a decrease in “recruitment intensity” per vacancy during the recession where employers engage in behavior that can influence the rate of

new hires (Davis et al. 2012). This behavior can be described as a set of actions that employers can take to affect recruitment intensity such as changes in advertising expenditures, screening methods, hiring standards, and compensation. For a given vacancy-to-unemployment ratio, a lower recruiting intensity per vacancy would serve to lower the job fill rate, resulting in an upward shift in the Beveridge Curve such as that which was observed after the Great Recession. Yet to date there has been limited evidence of direct measures of recruitment intensity across employers (Diamond 2013, Rothstein 2012).

We directly measure an important channel along which recruitment intensity may have shifted during the Great Recession—in the skill requirements employers use to screen candidates when filling a new vacancy. Indeed, media reports and employer surveys indicate that employer requirements increased sharply during the Great Recession such that a college degree is now required for a number of occupations that previously required only a high school degree.¹ Previous work examining this dynamic found that employers raised education and experience requirements within occupations, and even within firm and job titles (Modestino, Shoag, and Ballance 2014, Hershbein and Kahn 2016). This growth in skill levels within occupations has colloquially become known as “*upskilling*.”²

This massive increase in required skills raised concerns that the U.S. labor market faced a structural and persistent mismatch between workers’ skills and firms’ needs. Here and in Modestino, Shoag, and Ballance (2014), we argue that a significant portion of this increase in

¹ For example, according to a survey by CareerBuilder in 2013, almost one-third of employers said that: their educational requirements for employment have increased over the last five years and specifically that they are hiring more college-educated workers for positions that were previously held by high school graduates.

² See Rampell, Catherine. 2012. “Degree Inflation? Jobs That Newly Require B.A.’s” The New York Times, December 4.

employer skill requirements reflects strategic or *opportunistic*³ upskilling whereby firms used slack labor markets as an opportunity to hire more skilled workers, potentially increasing productivity. Rather than mismatch causing unemployment, we claim that loose labor markets induced a significant portion of the observed changes in skill requirements during the Great Recession. What we could not observe in that analysis, however, was the behavior of skill requirements as the labor market improved or tightened.

In this paper, we build on our earlier study of the Great Recession, with an analysis of skill trends during the subsequent recovery. Demonstrating this relationship is crucial for a number of reasons. First, falling skill requirements during the recovery provides important confirmatory evidence that the upskilling observed during the Great Recession was indeed opportunistic to some degree. Using the post-recession data, we can more convincingly identify this effect and make use of new natural experiments giving rise to exogenous shocks to labor supply during the recovery. Second, even if skill requirements initially rose due to cyclical labor market slack, it is not immediately clear that they would revert during a recovery. Labor markets are prone to hysteresis, and what began as a short term response to labor market conditions may have become a more permanent trend. Finally, the symmetry or asymmetry of the response allows us to evaluate the importance of proposed mechanisms that might matter more in recessions than in recoveries.

To do this, we use a newly updated, comprehensive dataset of 82.5 million online job vacancy postings from Burning Glass Technologies (BGT). This job level data covers the near-universe of electronic posts across the entire United States. More importantly, this new dataset covers the entire recovery period of the Great Recession from 2010 through 2014 allowing us to

³ We use this term in the sense used by biologist, as in “take advantage of favorable conditions.” We do not use it to convey value judgments.

test the relationship between employer job requirements and the availability of workers during a period of declining labor market slack.

These data paint a fascinating picture of skill requirements over time. As is evident in Figure 1, there has been a considerable reversal of the upskilling during the recovery. For example, the percentage of vacancies requiring a bachelor's degree or higher rose by more than 10 percentage points from 2007 to 2010 and then fell as labor markets recovered. A similar relationship is observed for the percentage of postings requiring five or more years of experience. Of course, these aggregate trends could be misleading, and so we use the richness of the BGT data to analyze the relationship between the degree of labor market slack and employer requirements for education and experience at the local level. We do this using a variety of controls for occupational trends and local economic conditions. We find that a 1 percentage point reduction in the local unemployment rate is associated with 0.27 percentage point reduction in the fraction of jobs requiring a bachelor's degree and a 0.23 percentage point reduction in the fraction of jobs requiring 5+ years of experience. This effect is present even within firm-job-title-county pairs. We also see similar trends in heretofore un-measurable dimensions of skill, such as leadership, project planning, and software skills, recently made available by Burning Glass Technologies.

Ultimately, the magnitude of this downskilling relationship during the recovery period is very similar in magnitude to the upskilling relationship we documented for the Great Recession. Our results imply that labor-market induced downskilling reversed as much as 20 percent of the total increase in skill requirements that took place during the Great Recession, essentially reversing much of the upskilling that was related to the business cycle during that period.

To better identify this effect, we turn to a natural experiment based on the hydraulic fracturing or “fracking” boom in the U.S. as an exogenous shock to local labor supply. Between 2007 and 2011, natural gas production increased by nearly one-third as a result of the discovery of

large shale deposits and adoption of fracking techniques for extraction, leading to large increases in employment in that industry in a number of counties where such deposits were located. Though fracking undoubtedly affected the types of positions needed in the natural gas industry, many tradable industries like agriculture, manufacturing, and timber were not directly affected by this new technology. Moreover, these tradable industries—by virtue of being tradable – are unlikely to have been affected by local demand conditions. Therefore, for these industries, fracking represents an exogenous tightening in their local labor market. We find that both within and across individual firm-job titles, jobs experiencing an exogenous tightening of their labor markets cut education and experience requirements. The IV implied coefficients are similar to the coefficients found in our OLS regressions.

The finding that employer skill requirements are driven—in part—by the available supply of labor has important implications for understanding the dynamics of the labor market, revealing a feedback mechanism between labor supply and the selectivity of vacancies that operates within occupations. Such a feedback mechanism between the selectivity of vacancies and labor supply is consistent with macroeconomic models of employer search decisions and heterogeneous workers (Shimer 2005, Albrecht and Vrooman 2002) and provides evidence supporting several theoretical models that endogenize this channel (Kaas and Kircher 2014, Gavazza, Mongey, and Violante 2015). . Similarly, a related literature has explored worker entry and mobility during recessions, particularly for college graduates. These studies typically find that workers match at lower entry wages during recessions and have less steep wage trajectories over time (e.g. Kahn 2010, Oreopoulos et al. 2012, Moscarini, 2001). Indeed, the persistence of low wages for jobs that begin when labor markets are slack has been related to jobs that offer less possibility of human capital accumulation (Okun 1973, Gibbons and Waldman 2006, Schmieder and von Wachter 2010). We find that changes in employer

requirements over the business cycle is consistent with—and even serves to reinforce—this effect.

Finally, our findings inform the debate regarding the nature of unemployment in the U.S. which some have interpreted as a deterioration in the matching/hiring process in the economy. Numerous media reports and employer surveys have suggested that the lack of skilled workers has made it difficult to fill jobs that are in high demand during the economic recovery, leading to slower than expected improvement in the labor market.⁴ Yet the economics literature has largely concluded that the weak labor market is largely not due to skills mismatch or other structural factors, but rather weak aggregate demand that increased unemployment across worker types, industry sectors, and occupation groups (Ghayad and Dickens 2012; Daly et al. 2012; Lazear and Spletzer 2012; Rothwell 2012; Carnevale et al. 2012; Sahin et al 2014, Capelli 2014; Osterman and Weaver 2014). Our results indicate that as much as 20 percent of the observed increase in skill requirements within detailed occupations is correlated with the business cycle and subject to reversion as the labor market tightens, suggesting that a significant portion of what is sometimes labeled as structural mismatch unemployment is actually cyclical. This finding sheds light on the recent shift in the Beveridge curve, providing some of the first direct evidence that recruitment intensity varies over the business cycle.

The relationship between employer job requirements and the state of the labor market is relevant for policymakers as well. Our results indicate that the demand for skilled workers is perhaps more dynamic and responsive to labor market conditions than previously thought, with

⁴ Bloomberg Business. 2012. “Companies Say 3 Million Unfilled Positions in Skill Crisis: Jobs.” July 25. Madigan, Kathleen. 2014. “How Some Companies are Bridging the Skills Gap.” *Wall Street Journal*, May 15. Madigan, Kathleen. 2015. “Skills Shortage Is the Worst Since 2006, Small- Business Survey Says.” *Wall Street Journal*, March 10. “Boiling Point? The Skills Gap in U.S. Manufacturing”, Deloitte and Manufacturing Institute, 2011. “Closing the Gap: 2012 Skills survey of North Carolina Employers.” Workforce Development Boards of NC, 2012. “Skilled Trades Remain Hardest Job to Fill in U.S. for Fourth Consecutive Year”, Manpower Group, 2013.

employers acting strategically to fill positions with higher skilled workers during period of slack labor markets. To the degree that changes in employer requirements vary with the business cycle then during slack times, it is possible that those with less experience and lower levels of education will have longer spells of unemployment regardless of which industries and occupations they are located in.

The paper proceeds as follows. Section II lays out a theoretical framework and model to explore the reasons why employer upskilling might be related to the business cycle. Sections III and IV describe our empirical and the unique features of the online job vacancy dataset used in our estimation. Section V reports the baseline relationship between employer skill requirements and the business cycle as well as several robustness tests for alternate interpretations, including evidence from our natural experiment related to the “fracking” boom. Section VI concludes.

II. Theoretical Framework: Measuring Shifts Along the Labor Demand Curve

In this section we describe a conceptual framework in which employers set skill requirements for their vacancies in the short run, based on the availability of workers. Because we focus on relatively short horizon changes, our framework will treat the distribution of skills in the population, wages, and the number of firms as fixed. In the long run, all of these features of the labor market adjust to achieve a new equilibrium, and thus our framework should be thought of as describing the dynamics of skill requirement along transition path.

We begin by assuming there are a fixed number of firms, indexed by j , in each market i (conceptually a location-occupation pair) each posting a vacancy V_{ij} . Employers choose between posting a vacancy with a skill requirement and searching for a high skilled worker or accepting a low-skill applicant. These firms face an applicant pool U_i divided between a small fraction of high-skilled applicants γ_i and a large fraction of low-skilled applicants $(1 - \gamma_i)$. We normalize the

value of having a vacancy filled with a low-skill worker to be equal to 1 and set the value of having a vacancy filled with a high-skill worker equal to $\theta_i > 1$. Each employer j has a stochastic cost c_{ij} of leaving the vacancy unfilled which is drawn from a uniform density distribution.

Firms are assumed to have a constant discount rate ρ each period.

To motivate the problem, we assume that within a market, high skilled applications are uncoordinated or allocated across vacancies with skill requirements randomly, making the number of applications a Poisson random variable. Each period, the odds that a vacancy receives at least one high skilled applicant is given by $\left(1 - e^{-\frac{\gamma_i U_i}{V_i}}\right)$, which is increasing in the number of total applicants U_i . For simplicity, we'll assume that for the range of U_i considered, there are sufficiently many low skilled workers that firms can match low skilled workers with certainty. Note that this matching probability depends on the *number* of high skilled workers per vacancy $\frac{\gamma_i U_i}{V_i}$, not the ratio of high to low skilled job seekers.

Firms face a single decision of whether to accept a low skilled worker in the event of not matching a high skilled worker, or whether to keep searching. The decision to keep searching is comparable to firms requiring a Bachelor's degree or greater work experience. The firm value function for firm i can be written as:

$$V_{ij}(\theta_i, \rho_i, c_j, U, V) = \max \left\{ -c_j + \left(1 - e^{-\frac{\gamma_i U_i}{V_i}}\right) \frac{\theta_i}{1 - \rho} + e^{-\frac{\gamma_i U_i}{V_i}} \rho V_{ij}, \frac{1}{1 - \rho} \right\}.$$

Given this problem, firms' decisions follow a cutoff rule in their vacancy posting costs c_{ij}^* . Employers with costs below the cutoff post minimum skill requirements and employers with costs above the cutoff do not. Since costs are drawn from a uniform distribution, c_{ij}^* (when scaled) is also the fraction of employers posting vacancies with skill requirements. The fraction

of firms that wait for a high skilled worker $F(c_{ij}^*)$ is increasing in the size of the applicant pool U_i and in the fraction of high skilled workers γ_i .

The decision rule depends on the number of high skilled applicants per posting $\frac{\gamma_i U_i}{V_i}$. We can therefore write the change in the fraction of employers posting vacancies with skill requirements in an occupation-location labor market as

$$\Delta c_i^* = \alpha \times \Delta \theta + \beta \times \Delta \frac{\gamma_i U_i}{V_i} + \varepsilon_i$$

where α measures the structural change in the relative value of hiring a high- versus low-skill worker (as measured at the national level) and β measures the cyclical component, wherein more slack labor markets raise the probability of hiring a high-skill worker. It is this coefficient that corresponds to our empirical notion of upskilling

Unfortunately, in our empirical work, we typically cannot measure the increase in the number of skilled searchers per vacancy in a market directly. The U.S. Bureau of Labor Statistics provides information on U_i but not $\gamma_i U_i$ at the relevant geographies. Therefore, we measure the impact of changes in this number using two different measures as proxies. First, given the strong correlation between the number of skilled workers per posting and the overall unemployment rate (as shown in Figure 2) at higher levels, we use the county unemployment rate for all workers as a benchmark. Second, we also construct a “supply/demand ratio” of the number of unemployed individuals in the county divided by to the number of postings. This object has the same rough construction of the ratio of interest.

There are many reasons to believe that the proxy measures we are able to construct empirically based on the overall unemployment rate are meaningful measures of the supply of

skilled workers per posting over time. As mentioned above, at the national level, Figure 2 shows a strong correlation between changes in this number and changes in aggregate unemployment. Similarly, the correlation between the unemployment rate of college workers and the unemployment rate of all civilian workers is 0.95.⁵ Using the one year ACS to calculate unemployment rates by state separately for college and non-college workers over this period, we find that changes in these two rates have a correlation coefficient of 0.94 at the state level. Therefore it is likely that the increases in the aggregate unemployment rate that we use are a good proxy of the increase in high skilled searchers. Finally we show that alternative proxies we create at the state level using micro data from the American Community Survey to capture changes in $\gamma_i U_i$ generate very similar results.⁶ The sum weight of this evidence suggests that our measures, based county unemployment rate, do a good job of capturing variation in the number of high-skilled applicants in a market.

With this a motivating model and empirical operationalization in mind, it becomes clear that changes in employer skill requirements and the unemployment rate are jointly endogenously determined. For example, local demand shocks could differentially affect the demand for low-

⁵ Calculated from 1992-2016, the entire available series on the Federal Reserve Bank of St. Louis FRED tool.

⁶ In Appendix Table A1, we construct several measures of skill-specific labor supply using micro data from the American Community Survey at the state-year level. We create four measures based on these categories: the ratio of skilled to unskilled unemployment (corresponding to γ), the unemployment rates for skilled and unskilled workers, and a supply and demand index equal to the overall change in unemployment multiplied by the baseline county share of skilled workers. We find that: (1) movements in the composition γ are positively correlated with upskilling, though they are less important than the high skilled unemployment rate in predicting these changes, (2) high skilled unemployment strongly predicts upskilling, and conditional on this rate, low skilled unemployment has a zero or even negative impact, and (3) the implied magnitudes closely resemble our baseline results. For example, a 1 standard deviation increase in the overall unemployment rate is associated with a 0.67 pp increase in the share of jobs needing a college degree. A 1 standard deviation increase in the unemployment rate for college grads, at the state level, is associated with a virtually identical increase of 0.61 pp. These three facts all confirm to the predictions of our model and support the idea that our baseline measures, based on overall unemployment rates, are successfully capturing variation in the availability of high skilled job seekers.

skilled workers, independent of supply, thereby affecting the composition of vacancies within occupations. Alternatively, upskilling may be driven by ongoing secular increases in employer demand for skilled workers such as changes in technology or production.

Thus, the goal in our empirical strategy below will be to carefully measure movements along the labor demand curve rather than shifts in the demand curve. For these reasons, we employ a number of identification strategies to determine the degree to which the observed decrease in employer skill requirements is related to the degree of labor market slack. We turn to this discussion in the next section.

III. Empirical Approach

We seek to explore this dynamic by measuring the degree to which the observed decrease in employer skill requirements is related to the degree of labor market slack during the recovery. During the Great Recession, county unemployment rates increased on average by 4.8 percentage points on average between 2007 and 2010 and then subsequently fell by 3.3 percentage points between 2010 and 2014 during the recovery.⁷ Although there was considerable improvement in labor market conditions during the recovery period, the reversion was less than complete, with fewer than 15 percent of U.S. counties having returned to their pre-recession levels of unemployment. Nevertheless, the recovery period between 2010 and 2014 can provide an early test of whether the upskilling relationship observed during the Great Recession exhibits any reversion.

Using the variation in county labor markets over time, we initially estimate the basic OLS relationship between changes in employer skill requirements and changes in the degree of labor market slack using the following specification:

$$\Delta \text{ Share of Vacancies Requiring Skill } S_{ijt} = \alpha + \beta \Delta UR_{jt} + \gamma X_{i,j,t} + \tau_t + e_{ijt} , \quad (1)$$

⁷ Local Area Unemployment Statistics, Bureau of Labor Statistics, <http://www.bls.gov/lau/>

Where for occupation i , in county j over time period t :

ΔS_{ijt} = percentage point change in skill requirements (either education or experience)

ΔUR_{jt} = percentage point change in the county unemployment rate

X_{it} = vector of control variables related to occupation characteristics

τ_t = time period dummy to capture changes in the general composition of vacancies

Equation (1) is similar to the specification we used in our earlier paper for the Great Recession Period which examined the change over the three-year period from 2007 through 2010.⁸ For comparison purposes, here we pool two periods of changes during the recovery: changes from 2010-2012 and changes from 2012–2014 where τ is a dummy for the earlier period.⁹ As before, the coefficient of interest is β , the change in skill requirements related to changes in the business cycle. A large and positive β indicates downskilling in requirements on the part of employers as the unemployment rate decreases. In contrast, an insignificant coefficient suggests that changes in skill requirements do not exhibit such a reversal during the recovery period. We take the former to be evidence that the prior upskilling observed during the Great Recession was related to employer attempts to capitalize on weak labor markets by selecting workers with more education or experience.

In the above regression, we examine changes in employer requirements across occupations and locations over time. The key identifying assumption is that different parts of the country recovered at different rates from the Great Recession, allowing us to exploit the variation in local labor markets across counties and time periods. Although the specification above may indicate a positive correlation between changes in employer requirements for skill and the

⁸ No data are available from Burning Glass Technologies during the intervening years 2008 and 2009.

⁹ We also provide annual estimates in Table A.2 for the period 2010-2014 which yield very similar results to our two-year changes.

availability of skilled labor, we still need to address two econometric concerns to reliably establish a causal relationship. First, changes in the availability of skilled workers across locations and occupations are likely to be related to demand shocks, and reliable estimates require tests to control for aggregate conditions. To address this possibility, we use the variation within locations across broad occupation groups to include state fixed effects to control for local demand conditions.

Second, although online job postings had increased in frequency by the end of the Great Recession, the **BGT** data collection mechanism may have changed over time as well as the types of jobs being posted online.¹⁰ We address concerns over changes in employer composition and data quality over time by focusing on changes **within** firm-job title pairs during the recovery. Previous research has shown that most of the variation in posted wages and in the experience and education level of applicants is explained by job titles (Marinescu and Wolthoff 2015). Thus, controlling for job title by firm demonstrates that employers decrease requirements for the same job title in response to the declining availability of workers.

Finally, it may still be the case that relying on the variation during the recovery period of the business cycle as the primary source of identification could lead to biased results given that the unemployment rate is correlated with other factors at the firm level such as product demand and access to credit. We need a general test to eliminate the possibility of omitted variable bias. Thus, we further make use of a natural experiment that represents a clear shock to labor supply: the “fracking” boom in oil and natural gas production that occurred between 2007 and 2011

¹⁰ Although **Burning Glass** Technologies consistently applies the same filtering and de-duplication algorithm across years, even retroactively as improvement are made, the number of sources scraped may have evolved over time.

which boosted wages and attracted workers, creating labor shortages in **unrelated** industries in nearby locations.¹¹

The timing of this sudden surge in natural gas production was driven by the discovery of new techniques for extracting natural gas from Marcellus Shale formation along the eastern coast of the U.S. This discovery was clearly orthogonal to local economic conditions. As a result, however, various regions of the country experienced a boom in production, raising the demand for workers. Many traded industries in these locations, like agriculture and manufacturing, are not directly affected by fracking technology. Moreover, as traded industries, they are not directly impacted by changes in local demand. Nevertheless, they experience worker shortages during this period. We demonstrate that county-occupation cells in these areas correspondingly experienced a significant *decrease* in their skill requirements as workers were lured away by the fracking industry.

IV. Data: Using Job Vacancy Data to Measure Changes in Employer Skill Requirements

To date, little has been written about employer job posting requirements due to a lack of detailed data. However, with the advent of online job posting and searching in the early 1990s, the collection and availability of this data has increasingly made such information available to researchers.¹² Data on a variety of vacancy characteristics are collected by software that parses the text contained in millions of job ads posted online and are increasingly being used by researchers to study labor market dynamics (e.g., Sahin et al. 2014, Marinescu and Wolthoff

¹¹ See Galbraith, Kate. "In Oil Boom, a Housing Shortage and Other Issues." *The New York Times*. July 12, 2012

¹² The first online job listings were posted on Usenet, CareerMosaic, and Monster during 1990-1994. Between 1995 and 1997, additional job boards were launched (e.g. Craigslist) and newspaper job listings began to appear online. Two companies, jungle and careercast, begin scraping and aggregating online job postings. Major changes took place in the years 1998 and 1999 as the job boards industry consolidated and a few key players emerged (e.g. Monster, Career Builder, Jobsonline). After the dot-com bust, niche job boards proliferated between 2000 and 2002 for marketing, medical, sales, and accounting jobs. Between 2003-2007, the industry matured and experienced significant growth with the launch of LinkedIn and aggregators such as Top USA Jobs, indeed, and simply hired. See Garcia, Stephanie. 2013. "History & Statistics of Job Boards." Joshua Waldman's Career Enlightenment Blog, March 6th , <http://careerenlightenment.com/history-statistics-of-job-boards-infographic> .

2015, Lazear and Spletzer 2012, Faberman and Mazumder 2012, Rothwell 2012, Bagues and Labini 2009, Kuhn and Skuterud 2004, Gautier, van der Berg, van Ours, and Ridder 2002).

These vacancy data allow analysis at a greater frequency and at more refined geographies than traditional employer surveys, such as the Job Opening and Labor Turnover Survey (JOLTS). Although online vacancy postings do not capture all job openings, a recent report from Georgetown University estimates that between 60 and 70 percent of job postings are now posted online (Carnevale, Jayasundera, and Repnikov 2014). Moreover, online job ads—including data aggregated by Burning Glass Technologies—exhibit similar trends and are closely correlated with employer surveys over time (Templin and Hirsch 2013, Ganong 2014).

A. Constructing Labor Market Measures at the County Level

Our basic empirical strategy is to explore the relationship between changes in employer skill requirements and changes in local labor market conditions during the Great Recession and subsequent recovery. Table 1 reports descriptive statistics for two alternative measures we have assembled to capture the variation in the availability of labor across counties. Our initial measure of labor market slack is the change in the annual county unemployment rate as reported by the Bureau of Labor Statistics from the Local Area Unemployment Statistics (LAUS). Although these rates are partially model based, they represent a consistent measure of labor market slack across counties over time. As a robustness check, we also create a second measure, modeled on the Conference Board's Labor Supply/Demand Ratio, which represents the number of unemployed individuals relative to the number of vacancies posted for six broad occupation groups.¹³ Both measures of slack are used in regressions to establish the robustness of our result.

¹³ The BGT Labor Supply/Demand Ratio is constructed using a methodology established by the Help Wanted OnLine Labor/Supply Demand Index. This ratio is calculated by dividing the number of unemployed individuals as reported by the American Community Survey by the number of jobs postings as reported by Burning Glass Technologies (BGT) at the county level for six broad occupation groups.

As discussed in Section II, we would ideally like to construct direct measures of the number of high skilled applicants per vacancy by county, year, and occupation. Unfortunately, the data to construct such measures is unavailable. Still, for the reasons laid out above, the two measures we describe here, which are based on the total number of unemployed job seekers, are strong proxies for the number of unemployed high-skilled job seekers.

B. Constructing Employer Skill Requirements from Job Vacancy Data

The data used in this paper is collected by Burning Glass Technologies (BGT), one of the leading vendors of online job posting data. BGT collects detailed information on the more than seven million current online job openings daily from over 40,000 sources including job boards, newspapers, government agencies, and employer sites.¹⁴ The data are collected via a web crawling technique that uses computer programs called “spiders” to browse online job boards and other web sites and systematically text parse each job ad into usable data elements. BGT mines over seventy job characteristics from free-text job postings including employer name, location, job title, occupation, years of experience requested and level of education required or preferred by the employer, as well as other dimensions of skill.¹⁵

The collection process employed by BGT provides a robust representation of hiring, including job activity posted by small employers. The process follows a fixed schedule, “spidering” a pre-determined basket of websites that is carefully monitored and updated to include the most current and complete set of online postings. BGT has developed algorithms to eliminate duplicate ads for the same job posted on both an employer website as well as a large job board by identifying a series of identically parsed variables across job ads such as location,

¹⁴ See <http://www.burning-glass.com/realtime/> for more details.

¹⁵ Note that the BGT data do not contain any information on the duration of the vacancy, how many applications a vacancy received, nor whether a vacancy was filled.

employer, and job title. In addition, to avoid large fluctuations over time, BGT places more weight on large job boards than individual employer sites which are updated less frequently.¹⁶

In the database provided by BGT, a snapshot of vacancies is reported on a monthly basis and are pooled over the year without duplication. As such, this data is unique in allowing geographical analysis of occupation-level labor demand for a variety of skills including education and experience over time. Using the entire universe of job vacancies collected by BGT, we construct several measures of employer skill requirements based on the education and experience fields parsed from the online advertisement. The data are available for detailed occupation by Standard Occupation Code (SOC) down to the three-digit level and can be drawn for arbitrarily small geographies for 2007 and 2010 through 2014.¹⁷ In total, our data represent roughly 82.5 million vacancies for these years.

Table 1 provides descriptive statistics for the dependent variables constructed from the BGT data by county/occupation/year cells. On average, there are roughly 250 to 450 postings for a given cell each year with fewer postings observed during the height of the Great Recession in 2010. It should be noted that these data exhibit a considerable amount of variation given the different employment levels of these occupations, even at the county x occupation x year level. The number of underlying observations available to construct some cells varies from as few as one posting to as many as 40,000 postings at this level of dis-aggregation. To ensure that our dependent variables are capturing meaningful differences over time and accurately represent the state of the labor market, we drop observations with fewer than 15 total postings in a given county x occupation x year cell. In addition, since we are analyzing changes in the fraction of

¹⁶ BGT has also provided access to their Labor/Insight analytical tool that enables us to access the underlying job postings to validate many of the important components of this data source including timeframes, de-duplication, and aggregation.

¹⁷ No data are available for 2008 and 2009.

postings requiring a particular skill, we weight the observations by the occupation's share of total job postings in the county in a given time period. This ensures that our results are not driven by outlier occupations with few underlying postings.

We have constructed a range of dependent variables by county, occupation and year that measure the percentage point change in the share of online job postings along two dimensions of skill: educational attainment and years of experience. Employer requirements along both dimensions of skill are changing over time, with the majority of the decrease occurring between 2012 and 2014 during the recovery period. Our education categories of interest are defined as follows: the share of postings with some education requirement, the share requiring an associate's degree or greater, and the share requesting a Bachelor's degree or higher. Experience is similarly defined as some experience requested, ≥ 2 years requested, and ≥ 5 years requested.

We also employ additional information on the skills listed in each job posting that is collected from the original text of the advertisement. Specifically, **BGT** parses each skill listed in the posting and classifies it as baseline (e.g. generic skills such as leadership, project planning and development), specialized (e.g. information security), or software (e.g. Adobe Dreamweaver). From this, we construct the share of postings requiring each type of skill. Interestingly, these more detailed skill requirements exhibit the same *downskilling* trend as that of the education and experience requirements.

We also construct two additional measures to control for heterogeneity across occupations.¹⁸ The first is the initial share of openings requiring a particular skill in the baseline year which is used to account for the variation in the initial level of skill required across

¹⁸ See the data appendix for more detailed information on these covariates.

occupations within a state. The second is the percent change in total job postings over the period to control for the degree of turnover across occupations during the recovery.

V. Results

We begin our analysis by examining the aggregate trends in the BGT job posting data. The two graphs in Figure 1 show the trend over time in the national unemployment rate compared to the percentage of jobs requiring a bachelor's degree and 5 years of prior experience respectively. As is evident in the graphs, there is a strong time-series correlation with aggregate labor market slack. Both measures of employer requirements rose during the Great Recession and then fell as the labor market recovered. There is clear evidence of down-skilling in this aggregate data with the fraction of jobs requiring these skills falling significantly during the recovery period from 2010 through 2014.

Of course, this correlation at the aggregate level is not necessarily causal. The BGT data collection mechanism may have changed over time, as have the types of jobs being posted online. As discussed above, we explore whether there is a decrease in the education or experience requirements for job postings within a narrowly defined occupation and whether this decrease is linked to the declining availability of skilled workers. Specifically, we begin by running regressions of the form described above in Equation (1). Recall that the relationship of interest is β , the increase in skill requirements related to changes in the degree of labor market slack. A large and positive β indicates that skill requirements fell more within occupations in counties that experienced falling unemployment. Of course, it would be naïve to infer causality from these relationships, given the potential for serious omitted variable bias. Still, investigating the baseline correlations is useful for comparison purposes.

A. *Basic OLS Relationships*

Table 2 reports the results of these initial regressions for each BGT measure of employer requirements of education and experience levels. In all specifications for our categorical skill measures, β is positive and statistically significant, indicating that there was a decrease in the share of jobs requiring skilled workers across education and experience measures as the local unemployment rate fell. The basic economic relationships show that a one percentage point reduction in the local unemployment rate is associated with 0.214 percentage point reduction in the fraction of jobs requiring a bachelor's degree and a 0.191 percentage point reduction in the fraction requiring 5 or more years of experience. Similarly, using our Labor Supply/Demand Ratio, a decrease of 1 unemployed worker per posting is associated with a 0.327 percentage point decline in the fraction of jobs requiring a BA and a 0.137 percentage point change in the fraction requiring 5+ years of experience.

These basic correlations are robust to baseline controls for simple intuitive covariates that capture differences across county-occupations cells. Occupations may have different initial skill requirements and county-occupation cells have different trends in job posting during the recovery. These cells may also differ in their coverage rates in the BGT dataset, and county labor markets differ in the availability of the skill categories we examine. In Table 3, we show that the relationship between employer requirements and the degree of labor market slack is robust to including these baseline covariates as well as occupational fixed effects.¹⁹ As such, it is unlikely that our results are driven by changes over time in the composition of postings or the BGT data collection method.

Using both of these labor market measures, Figure 4 shows that tightening labor markets are associated with falling skill requirements at the county-occupation level. These relationships

¹⁹ These baseline controls include the initial share of employers requiring each skill in 2010 and the change in total postings between 2010 and 2014.

are robust and show clear evidence of *downskilling*. In fact, they look only at situations in which the labor market is weakly growing tighter. Note that these figures display the effect of labor market slack while controlling for both time fixed and occupation fixed effects which control for confounding trends in postings across occupations at the three-digit level.

B. Accounting for Local Demand Shocks

While these relationships are compelling, these regressions are still open to non-causal interpretations as well. For example, changing skill requirements and local labor market trends may be driven by some local form of technological process. Alternatively, it may be the case that changes in requirements are driven by changes in job posting practices over time. The correlation between unemployment rates and skill in recovering labor markets may then be spurious.

To control for local demand shocks and technology trends, we add in controls for state fixed effects into our previous regressions. These effectively allow state-specific trends in the level of skill requirements over our relatively short time period. Despite the addition of state fixed effects in Table 4, we still see a positive and significant relationship between changes in employer requirements and tighter labor market conditions of virtually the same magnitude. Thus even controlling for differences in the state of the local economy, local labor supply decreases remain correlated with falling employer skill requirements. Our estimates indicate that a 1 percentage point decrease in the state unemployment rate lowers the share of jobs requiring a bachelor's degree by 0.277 percentage points and reduces the fraction of openings requiring 5 or more years of experience by 0.226 percentage points.

How large is this effect in the context of the previous upskilling observed during the Great Recession? Table 5 compares the relationship between changes in employer requirements

and labor market slack over the recession (2007-2010) and recovery (2010-2014) periods. The magnitude of the coefficients is remarkably similar indicating that the strength of the relationship between employer requirements and labor market slack is fairly symmetric.

However, given that the labor market has not fully recovered, we do not find a complete reversion of the unemployment-induced upskilling in requirements observed during the Great Recession. Our results from the period of the Great Recession imply that the earlier increase in unemployment rates between 2007 and 2010 raised employer requirements within occupations by 1.0 percentage points for education and by 0.58 percentage points for experience. Relative to the observed increases in skill requirements reported in Table 1 during this period, our estimates suggest that changes in employer skill requirements due to the business cycle can account for roughly 20 percent of the *total* cross-sectional increase across counties in education and experience requirements during the Great Recession. During the recovery, our estimates imply that the decrease in unemployment rates between 2010 and 2014 reduced education requirements within occupations by 0.91 percentage points and lowered experience requirements by 0.75 percentage points respectively. Thus while the reversion in experience requirements related to the business cycle is complete, that related to education remains in progress.

C. Controlling for Changes in Employer Composition and Data Quality Over Time

As discussed earlier, we also need to worry about changes in employer composition and data quality over time. Over the course of the Great Recession, the composition of employers as well as the types of jobs posted may have changed as industries suffered differential declines in employment. One quite remarkable feature of our data is that we can explore outcomes not only for aggregate conditions at the local level, but rather can track outcomes for individual positions. Previous research has shown that most of the variation in posted wages and in the experience and

education level of applicants is explained by job titles (Marinescu and Wolthoff 2015). Thus, controlling for job title by firm demonstrates that employers decrease requirements for the same job title in response to the declining availability of workers.

In Table 6 we use the **BGT** postings-level data to explore the impact of local labor market conditions on skill requirements during the recovery within firm-job title pairs.²⁰ We then regress a dummy variable for whether the posting requires a bachelor's degree or alternately 5 or more years of experience, controlling for firm-job title-county fixed effects as well as individual year dummies. Again, we cluster by county to account for correlation within counties across postings and over time. The resulting coefficients are remarkably close to the aggregate estimates. A one percentage point decrease in the unemployment rate makes a posting 0.2 percentage points less likely to require either type of skill requirement.

To examine further whether the downskilling pattern observed for education and experience requirements reflects changes in job posting practices, we make use of additional data on actual baseline, specialized, and software skills requested collected from the advertisement. Using these three measures as well as a measure of any skill requested, Table 7 demonstrates that all specifications for our categorical skill measures, the relationship is positive and statistically significant, indicating that there was a decrease in the share of jobs requiring skilled workers across all types of skills measures as the unemployment rate fell. The degree of reversion is strongest for baseline skills, with a one percentage point reduction in the local unemployment rate associated with 0.74 percentage point reduction in the fraction of jobs requiring baseline skills such as project management and leadership. In contrast, the degree of reversion is smaller for both specialized and software skills that would require more formal or time-consuming

²⁰ To do this, we limit the data to observations with code-able job and employer titles. We also exclude unique firm-job title-county pairs to ease the computation. In the end we are left with roughly 20 million observations.

training.²¹ Figure 5 further documents that tightening labor markets are associated with falling categorical skill requirements at the county-occupation level. Note that these figures display the effect of labor market slack while controlling for our baseline controls as well as occupation and state fixed effects, which eliminates the potential for a confounding change in BGT data construction.

D. Local Demand Shocks and Identification from a Natural Experiment

As a source of exogenous variation, we make use of a natural experiment resulting from the boom in natural gas production associated with hydraulic fracturing, or “fracking.” Fracking is the process of drilling and injecting fluid into the ground at a high pressure in order to fracture shale rocks to release natural gas inside. Figure 6 shows that advances in fracking and horizontal drilling technologies, combined with discoveries of large shale gas deposits, greatly increased the scope of U.S. natural gas production in recent years boosting natural gas production by 27 percent between 2007 and 2011. Using data from the USDA on county level natural gas production over this period, we explore changing skill requirements using the geographic dispersion in counties experiencing this boom in production as shown in Figure 7.

Specifically, we focus on tradable industries which were not affected by fracking directly—like agriculture, timber, metal-based mining, and manufacturing. For these industries, fracking-related increases in the demand for local labor is a relatively exogenous shock to their local labor supply. The production in these industries are not be driven by local demand and they do not use fracking in production. As a result, differential changes in skill requirements in these industries in natural gas vs. non-natural gas counties are likely to be related to an exogenous shock to labor

²¹ Moreover, data on the average number of skills requested per posting show similar downskilling trends, further evidence that postings do not simply list an ever increasing number of skills over time.

supply, providing sufficient variation to explore downskilling. A list of these industries is reported in the notes to Table 8.

Using posting-level data for these regressions, Table 8 demonstrates that a strong relationship exists between increases in natural gas production and falling education and experience requirements in non-fracking, traded industries.²² A 1 billion cubic foot increase in production is associated with a 0.03 to 0.06 percentage point increase in the probability of a job needing a bachelor's degree or 5 or more years of experience. This is true conditional on county fixed effects (Column 1-2) and even within firm-job title pairs (Column 3-4). This is strong evidence of a causal effect, even within jobs, of downskilling at work. Among counties producing any natural gas in 2007, the standard deviation of the increase from 2007-2011 was 67 billion barrels. This implies that a 1 standard deviation larger increase was associated with a 2 percentage point increase in the share of postings requiring at least a college degree and a 1.3 percentage point increase in the share requiring 5+ years of experience.

However, many counties do not produce any natural gas such that natural gas production is skewed with a long right tail across counties. To ensure we are not driven by outliers, we recode natural gas production as a dummy variable for increases above 50 billion cubic feet in columns 5 and 6. At today's market prices, this is an increase in production of roughly \$600 million. Roughly 1.25% of counties experienced a change this large between 2007 and 2011. Again, this dummy is also tightly linked to changes in skill requirements.

Finally we use natural gas to instrument for local unemployment in columns 7 and 8. We get moderate first-stage F statistics, demonstrating that natural gas production has sufficient power to identify the impact of changes in local unemployment rates. Again, we find coefficients

²² To do this, we code each posting with a dummy outcome variable (needs BA/ needs 5). We then regress these postings data, limited to those industries in 2007 and 2011, on local unemployment rates and fixed effects for time and county.

that are very similar to the aggregate regressions reported earlier using the business cycle variation across counties over time. A one percentage point fall in the local unemployment rate is associated with a roughly 0.1 percentage point fall in the probability that a local, non-fracking tradable job requires a bachelor's degree or 5 or more years of experience. The magnitude is somewhat smaller, but still comparable, to our OLS estimates.

VI. Conclusion

After the Great Recession, Catherine Rampell of the New York Times wrote that “employers are increasingly requiring a bachelor's degree for positions that didn't used to require baccalaureate education. A college degree, in other words, is becoming the new high school diploma: the minimum credential required to get even the most basic, entry-level job.”²³ This perception was correct *at that moment*, and indeed our data show that skill requirements in vacancy postings increased dramatically from 2007 through 2010.

The discussion regarding these changes, though, frequently missed the possibility that this increase in employer skill requirements might reverse when the labor market recovered. In this paper, we demonstrated that this was indeed the case. Our estimates indicate that a 1 percentage point decrease in the state unemployment rate lowers the share of jobs requiring a bachelor's degree by 0.277 percentage points and reduces the fraction of openings requiring 5 or more years of experience by 0.226 percentage points. Moreover, the magnitude of the coefficients is remarkably similar to those estimated for the increase in employer skill requirements during the Great Recession, indicating that the strength of the relationship between employer requirements and labor market slack is fairly symmetric over the business cycle.

²³ “The college degree has become the new high school degree” NY Times (9/9/14)

However, given that the labor market has not fully recovered, we do not find a complete reversion of the unemployment-induced upskilling in requirements observed during the Great Recession.

Moreover, the downskilling trend is well-identified. We find that the decrease in employer requirements for skill between 2010 and 2014 was greater in locations that experienced a steeper decline in unemployment. This drop is evident even conditional on controls for occupation specific trends and local economic conditions. Downskilling is also evident within firm-job title pairs, indicating decreases in skill requirements for the same job over time and eliminating the possibility that our results are driven by changes in the composition of vacancies. Moreover, we find a similar pattern of downskilling for heretofore un-measurable dimensions of skill with larger declines in baseline skills such as leadership and project planning compared to specialized skills and software skills that might require more formal or time-intensive training. Finally, using natural-gas production as an instrument for labor market tightness in tradable industries, we find that this *downskilling* can be causally linked to worker availability. Tradable industries like manufacturing and agriculture, which are not impacted by fracking directly or by local demand shocks, reduced skill and experience requirements when their labor markets tightened, even within firm-job titles.

This demonstration of *downskilling* in vacancy postings, the first of which we are aware, is important for many reasons. It better identifies the dynamic nature of employer skill requirements and it establishes that movements in these requirements will, at least in part, revert with the labor market. The relationship between employer job requirements and the state of the labor market is relevant for policymakers as well. Our results indicate that the demand for skilled workers is dynamic and responsive to labor market conditions, with employers acting

strategically to fill positions with higher skilled workers during period of slack labor markets. To the degree that changes in employer requirements vary with the business cycle then during slack times, it is possible that those with less experience and lower levels of education will have longer spells of unemployment regardless of which industries and occupations they are located in. It also cautions against the use of targeting high frequency changes in labor market posting requirements *within occupations* in designing training programs, since these requirements may revert during recoveries. However, shifts in demand across occupations might be less cyclical than changes in the employer requirements studied in this paper. As such, real-time labor market information on changes in the number and share of job vacancies across occupations may in fact be quite useful in determining which training programs should receive funding.

References

- Albrecht, James and Susan Vroman. 2002. "A Matching Model with Endogenous Skill Requirements." *International Economic Review*, 43(1): 283–305.
- Arrow, Kenneth J. and William M. Capron. 1959., "Dynamic Shortages and Price Rises: The Engineer-Scientist Case." *Quarterly Journal of Economics*, May.
- Autor, David, Frank Levy, and Richard Murnane. 2003. "The Skill Content of Recent Technological Change: An Empirical Exploration." *Quarterly Journal of Economics*, Vol. 118, No. 4.
- Autor, David H., Lawrence F. Katz, and Melissa S. Kearney. 2008. "Trends in U.S. wage Inequality: Revising the Revisionists." *The Review of Economics and Statistics*, 90.2: 300–323.
- Autor, David H., and David Dorn. 2013. "The Growth of Low-Skill Service Jobs and the Polarization of the U.S. Labor Market." *American Economic Review*, 103(5): 1553–1597.
- Baker, George, Michael Gibbs, and Bengt Holmstrom. 1994. "The wage policy of a firm." *Quarterly Journal of Economics*, pp. 921-955.
- Bagues, Manuel F., and Mauro S. Labini. 2009. "Do On-line Labor Market Intermediaries Matter? The Impact of Almalaurea on the University-to-Work Transition." In *Studies of Labor Market Intermediation*, ed. David H. Autor, 127–154. Chicago: University of Chicago Press.
- Beaudry, Paul, and John DiNardo. 1991. "The effect of implicit contracts on the movement of wages over the business cycle: Evidence from micro data." *Journal of Political Economy*, pp. 665-688.
- Belasco, Amy. 2009. "Troop Levels in the Afghan and Iraq Wars, FY2001–FY2012: Cost and Other Potential Issues." Washington, DC. Congressional Research Service. CRS Report for Congress No. R40682.
- Bilmes, Linda J. "The Financial Legacy of Iraq and Afghanistan: How Wartime Spending Decisions Will Constrain Future National Security Budgets." Harvard Kennedy School Faculty Research Working Paper Series RWP13-006, March 2013.
- CareerBuilder. 2014. "Education Requirements for Employment on the Rise, According to CareerBuilder Survey." March.
- Carnevale, Anthony, Tamara Jayasundera, and Ban Cheah. 2012. *The College Advantage: Weathering the Economic Storm*. Washington, DC: Georgetown University Center on Education and the Workforce.
- Carnevale, Anthony, Tamara Jayasundera, and Dimitri Repnikov. 2012. *Understanding Online Job Ads Data*. Washington, DC: Georgetown University Center on Education and the Workforce.

Cappelli, Peter. 2014. "Skill Gaps, Skill Shortages, and Skill Mismatches: Evidence for the US." NBER Working Paper 20382.

Charles, Kerwin Kofi, Erik Hurst, and Matthew J. Notowidigdo. 2013. "Manufacturing Decline, Housing Booms, and Non-Employment." Working Paper No. 18949. Cambridge, MA: National Bureau for Economic Research.

Cortes, Guido Matias, Nir Jaimovich, Christopher J. Nekarda, and Henry E. Siu. 2014. "The Micro and Macro of Disappearing Routine Jobs: A Flows Approach," NBER Working Paper No. 20307.

Daly, Mary, Bart Hobijn, Aysegul Sahin, and Robert Valletta. 2012. "Search and Matching Approach to Labor Markets: Did the Natural Rate of Unemployment Rise?" *Journal of Economic Perspectives* 26(3), 3-26.

Daly, Mary, Bart Hobijn, and Timothy Ni. 2013. "The Path of Wage Growth and Unemployment." Federal Reserve Bank of San Francisco, Economic Letter, July 15.

Davis, Steven J., R. Jason Faberman, and John C. Haltiwanger. "The Establishment-Level Behavior of Vacancies and Hiring*." *The Quarterly Journal of Economics* (2013): qjt002.

Davis, Stephen J., R. Jason Faberman, and John C. Haltiwanger. 2012. "Recruiting Intensity during and after the Great Recession: National and Industry Evidence." NBER Working Paper No. 17782.

Diamond, Peter A. and Sahin, Aysegul. 2014. "Shifts in the Beveridge Curve." Federal Reserve Bank of New York, Staff Report No. 687.

Faberman, Jason, and Bhash Mazumder. 2012. "Is There a Skills Mismatch in the Labor Market?" Federal Reserve Bank of Chicago, Essays on Issues No. 300.

Foote, Christopher, and Richard Ryan. 2012. "Labor-Market Polarization over the Business Cycle." Federal Reserve Bank of Boston Working Paper No. 12-8.

Ganong, Peter. 2014 "How Well Do Online Job Postings Reflect Labor Demand?"

Ghayad, Rand and William Dickens 2012. "What Can We Learn from Disaggregating the Unemployment-Vacancy Relationship?" Federal Reserve Bank of Boston, Public Policy Brief 12-3.

Gibbons, Robert, and Michael Waldman. 2006. "Enriching a Theory of Wage and Promotion Dynamics inside Firms." *Journal of Labor Economics* 24(1): 59-107.

Goos, Maarten, and Alan Manning. 2007. "Lousy and Lovely Jobs: The Rising Polarization of Work in Britain." *The Review of Economics and Statistics*, 89(1): 118-133.

- Hershbein, Brad and Lisa Kahn. 2014. "Is College the New High School? Evidence from Vacancy Postings" unpublished manuscript.
- Jaimovich, N. and Siu, H. E. 2012. "The Trend is the Cycle: Job Polarization and Jobless Recoveries," Discussion paper, NBER Working Paper No. 18334.
- Katz, Lawrence, and Kevin Murphy. 1992 "Changes in Relative Wages, 1963–1987: Supply and Demand Factors." *The Quarterly Journal of Economics*, 107(1): 35–78.
- Kahn, Lisa. 2010. "The long-term labor market consequences of graduating from college in a bad economy." *Labour Economics*, Volume 17, Issue 2, pp 303–316.
- Kuhn, Peter J., and Mikal Skuterud. 2004. "Internet Job Search and Unemployment Durations." *American Economic Review*, 94(1): 218–232.
- Lazear, Edward P., and James R. Spletzer. 2012. "The United States Labor Market: Status Quo or New Normal?" Working Paper No. 18386 Cambridge, MA: National Bureau of Economic Research.
- Solon, Gary, Robert Barsky, and Jonathan A. Parker. 1994. "Measuring the Cyclicalities of Real Wages: How Important is Composition Bias?." *Quarterly Journal of Economics* 109(1): 1-25.
- Marinescu, Ioana, and Ronald Wolthoff. 2015. "Opening the Black Box of the Matching Function: The Power of Words." IZA Discussion Paper No. 9071. Available at SSRN: <http://ssrn.com/abstract=2612323>.
- Mian, Atif R., and Amir Sufi. 2014. "What Explains the 2007–2009 Drop in Employment?" *Econometrica* Forthcoming.
- Modestino, Alicia, Daniel Shoag and Joshua Balance. 2014. "Upskilling: Do Employers Demand Greater Skill When Workers Are Plentiful?" Federal Reserve Bank of Boston, Working Paper No. 14-17.
- Mortensen, Dale T., and Christopher A. Pissarides. 1994. "Job Creation and Job Destruction in the Theory of Unemployment." *The Review of Economic Studies*, 61(3), 397–415.
- Moscarini, Giuseppe. 2001. Excess Worker Reallocation. *Review of Economic Studies*, 69(3), 593–612.
- Okun, Arthur M.. 1973. "Upward Mobility in a High-Pressure Economy," *Brookings Papers on Economic Activity*. Vol 1, pp. 207–61.
- Oreopoulos, Philip, Till von Wachter, and Andrew Heisz. 2012. "The Short- and Long-Term Career Effects of Graduating in a Recession." *American Economic Journal: Applied Economics*, 4(1): 1-29.

Osterman, Paul and Andrew Weaver. 2014. "Why Claims of Skill Shortages in Manufacturing are Overblown." Economic Policy Institute.

Rothwell, Jonathan. 2012. "Education, Job Openings, and Unemployment in Metropolitan America." The Brookings Institution.

Saiz, Albert. 2010. "The Geographic Determinants of Housing Supply." *Quarterly Journal of Economics* 125(3): 1253–1296. Sahin, Aysegul, J. Song, G. Topa, and G. Violante. 2014. "Mismatch Unemployment." *American Economic Review* 104(11):3529-64

Schmieder, Johannes F., and Till Von Wachter. 2010. "Does Wage Persistence Matter for Employment Fluctuations? Evidence from Displaced Workers." *American Economic Journal: Applied Economics* : 1-21.

Robert Shimer. 2004. "The Consequences of Rigid Wages in Search Models."

Robert Shimer. 2005. "The Assignment of Workers to Jobs in an Economy with Coordination Frictions," *Journal of Political Economy*, University of Chicago Press, vol. 113(5), pages 996-1025, October.

Templin, Thomas, and Lesley Hirsch. 2013. "Do Online Job Ads Predict Hiring?" New York: New York City Labor Market Information Services.

Tüzemen, Didem and Jonathan Willis. 2013. "The Vanishing Middle: Job Polarization and Workers' Response to the Decline in Middle-Skill Jobs," Federal Reserve Bank of Kansas City: Economic Review, First Quarter.

Table 1. Summary Statistics

	2007	2010	2012	2014		Δ2007-2010	Δ2010-2012	Δ2012-2014
<u>Measures of Labor Market Slack</u>								
County Unemployment Rate	4.56 (1.370)	9.30 (2.550)	7.82 (2.260)	6.01 (1.800)		4.76 (1.710)	-1.48 (0.970)	-1.81 (0.830)
BGT Labor Supply / Demand Ratio	0.87 (0.660)	1.96 (1.430)	1.46 (1.170)	0.67 (0.470)		1.14 (1.060)	-0.51 (0.800)	-0.78 (0.820)
<u>Employer Education, Experience, and Skill Requirements</u>								
Total Number of Job Posting Ads	266.76 (1154.960)	254.60 (1120.670)	292.39 (1172.430)	445.51 (1618.050)		-32.38 (314.630)	38.06 (295.630)	152.85 (584.700)
Share of Job Posting Ads Requesting:								
Any Educational Requirement	25.87 (14.310)	42.97 (19.000)	47.46 (19.470)	46.47 (19.290)		16.93 (18.210)	4.51 (15.500)	-0.98 (15.120)
An Associate's Degree or Greater	15.10 (14.980)	23.22 (22.330)	25.06 (23.460)	23.57 (22.630)		7.78 (14.610)	1.86 (10.800)	-1.48 (10.570)
A Bachelor's Degree or Greater	13.43 (14.510)	20.07 (21.520)	21.59 (22.560)	20.12 (21.720)		6.34 (13.880)	1.53 (10.040)	-1.45 (9.810)
Share of Job Posting Ads Requiring:								
Any Experience	25.59 (13.670)	42.69 (18.480)	44.19 (18.710)	40.26 (17.680)		16.71 (17.880)	1.52 (15.110)	-3.93 (13.810)
Two or More Years of Experience	18.24 (13.130)	29.30 (19.170)	30.34 (19.620)	27.08 (18.110)		10.64 (15.120)	1.05 (12.120)	-3.25 (11.590)
Five or More Years of Experience	6.87 (7.710)	10.67 (11.890)	11.04 (12.100)	9.63 (10.980)		3.59 (9.420)	0.38 (7.900)	-1.41 (7.410)
Share of Job Posting Ads Requiring:								
Any Skills	65.92 (19.120)	84.99 (14.990)	88.44 (13.330)	85.57 (14.800)		18.88 (15.330)	3.47 (9.400)	-2.87 (9.850)
Baseline Skills	32.79 (18.490)	57.76 (22.150)	64.48 (21.500)	63.44 (20.520)		24.66 (17.850)	6.73 (14.120)	-1.03 (13.990)
Specialized Skills	60.57 (19.800)	78.87 (16.730)	83.74 (15.190)	80.54 (16.230)		17.95 (15.830)	4.90 (10.710)	-3.20 (10.700)
Software Skills	10.77 (11.630)	18.46 (16.980)	21.28 (17.960)	20.88 (16.990)		7.33 (11.720)	2.84 (10.480)	-0.39 (10.280)
Number of Observations	35,220	35,220	35,261	35,210		35,220	35,261	35,210

Source: Authors' analysis using data from the U.S. Bureau of Labor Statistics and **Burning Glass** Technologies.

Notes: Means are reported with standard deviations in parentheses below. Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. The last three columns are summary statistics for the change in these measures by time period and represent the estimation sample for the baseline relationships. County unemployment rates are as reported by the Bureau of Labor Statistics Local Area Unemployment Statistics program: <http://www.bls.gov/lau/>. The **BGT** Labor Supply/Demand Ratio is constructed using a methodology established by the Help Wanted OnLine Labor/Supply Demand Index. This ratio is calculated by dividing the number of unemployed individuals as reported by the American Community Survey by the number of jobs postings as reported by **Burning Glass** Technologies (BGT) at the county level for six broad occupation groups. All job posting data including employer education, experience, and skill requirements are calculated using data from **Burning Glass** Technologies.

Table 2. Changes in Employer Requirements and Labor Market Slack during Recovery, 2010-2014**Panel A: Education Qualifications**

Percentage Point Change in the Share of Postings Requesting:

	Any Education Level	Associate's Degree or Greater	Bachelor's Degree or Greater
	(1)	(2)	(3)
Δ County UR	0.374 ** (0.170)	0.254 *** (0.076)	0.214 *** (0.066)
R ²	0.032	0.024	0.022
Number of Observations	70,471	70,471	70,471
Δ BGT Labor Supply/Demand Ratio	1.117 *** (0.188)	0.369 *** (0.098)	0.327 *** (0.083)
R ²	0.035	0.025	0.023
Number of Observations	70,471	70,471	70,471

Panel B: Experience Qualifications

Percentage Point Change in the Share of Postings Requesting:

	Any Experience Level	2 or More Years of Experience	5 or More Years of Experience
Δ County UR	1.177 *** (0.158)	0.662 *** (0.110)	0.191 *** (0.063)
R ²	0.039	0.034	0.014
Number of Observations	70,471	70,471	70,471
Δ BGT Labor Supply/Demand Ratio	1.283 *** (0.174)	0.684 *** (0.112)	0.137 *** (0.055)
R ²	0.039	0.034	0.014
Number of Observations	70,471	70,471	70,471

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. See notes for Table 1 for construction of variables. All specifications include a control for differences between the two time periods, 2010-2012 and 2012-2014. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Table 3. Changes in Employer Requirements and Labor Market Slack During Recovery, *Controlling for Occupation Fixed Effects*

	P.P. Change in the Share of Postings Requesting: a Bachelor's Degree or Greater				P.P. Change in the Share of Postings Requesting: 5 or More Years of Experience			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Δ County UR	0.242 *** (0.064)	0.331 *** (0.066)			0.196 *** (0.059)	0.192 *** (0.059)		
Δ BGT Labor Supply/Demand Ratio			0.317 *** (0.083)	0.444 *** (0.091)			0.216 *** (0.053)	0.259 *** (0.055)
Baseline Controls	X	X	X	X	X	X	X	X
Occupation Fixed Effects		X		X		X		X
R ²	0.035	0.123	0.035	0.123	0.062	0.124	0.062	0.125
Number of Observations	70,471	70,471	70,471	70,471	70,471	70,471	70,471	70,471

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. See notes for Table 1 for construction of variables. Baseline controls include the initial (2010) share of postings requiring the skill measured as well as the change in the number of total postings, 2010-2014, as a share of total employment in 2010. All specifications include a control for differences between the two time periods, 2010-2012 and 2012-2014. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Table 4. Changes in Employer Requirements and Labor Market Slack During Recovery, *Controlling for State Fixed Effects*

	P.P. Change in the Share of Postings Requesting: a Bachelor's Degree or Greater				P.P. Change in the Share of Postings Requesting: 5 or More Years of Experience			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Δ County UR	0.331 *** (0.066)	0.277 *** (0.088)			0.192 *** (0.059)	0.226 ** (0.086)		
Δ BGT Labor Supply/Demand Ratio			0.444 *** -0.091	0.351 *** (0.093)			0.259 *** (0.055)	0.230 *** (0.059)
Baseline Controls	X	X	X	X	X	X	X	X
Occupation Fixed Effects	X	X	X	X	X	X	X	X
State Fixed Effects		X		X		X		X
R ²	0.123	0.128	0.123	0.128	0.124	0.129	0.125	0.127
Number of Observations	70,471	70,471	70,471	70,471	70,471	70,471	70,471	70,471

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. See notes for Table 1 for construction of variables. Baseline controls include the initial (2010) share of postings requiring the skill measured as well as the change in the number of total postings, 2010-2014, as a share of total employment in 2010. All specifications include a control for differences between the two time periods, 2010-2012 and 2012-2014. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Table 5. Changes in Employer Requirements and Labor Market Slack, *Recession (2007-2010) versus Recovery (2010-2014) Period*

	P.P. Change in the Share of Postings Requesting: a Bachelor's Degree or Greater				P.P. Change in the Share of Postings Requesting: 5 or More Years of Experience			
	2007-2010	2010-2014	2007-2010	2010-2014	2007-2010	2010-2014	2007-2010	2010-2014
Δ County UR	0.225 *** (0.081)	0.277 *** (0.088)			0.121 ** (0.056)	0.226 ** (0.086)		
Δ BGT Labor Supply/Demand Ratio			0.767 *** (0.107)	0.351 *** (0.093)			0.470 *** (0.072)	0.230 *** (0.059)
Baseline Controls	X	X	X	X	X	X	X	X
Occupation Fixed Effects	X	X	X	X	X	X	X	X
State Fixed Effects	X	X	X	X	X	X	X	X
R ²	0.721	0.128	0.723	0.128	0.700	0.129	0.702	0.127
Number of Observations	35,220	70,471	35,220	70,471	35,220	70,471	35,220	70,471

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: : Regressions on 2010-2014 replicate results from Table 4. Regressions from 2007-2010 use the same specification on data from the Great Recession. See notes on Table 4 for more details. Sample excludes county/occupation cells with fewer than 15 postings in either period for which the change is measured. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01. Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in

Table 6. Changes in Employer Requirements and Labor Market Slack During Recovery, *Within Firm-Job Title*

	Posting Requires a Bachelor's Degree or Greater		Posting Requires 5 or More Years of Experience	
	(1)	(2)	(3)	(4)
County UR	0.166** (0.070)	0.217** (0.089)	0.151*** (0.042)	0.201*** (0.054)
Firm-Job Title- County Fixed Effects	X	X	X	X
Year Fixed Effects	X	X	X	X
Years included in sample	2010-2014	2010, 2012,2014	2010-2014	2010, 2012,2014
R ²	0.869	0.884	0.857	0.872
Number of Observations	19,930,641	10,498,538	19,930,641	10,498,538

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: We limit the data to those with codable firm names and job titles. We further omit unique firm-job title-county pairs as those yield no additional information with these fixed effects. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Table 7. Changes in Employer Requirements and Labor Market Slack During Recovery, *By Type of Skills Requested*

Percentage Point Change in the Share of Postings Requesting:				
	Any Skills	Baseline Skills	Specialized Skills	Software Skills
	(1)	(2)	(3)	(4)
Δ County UR	0.340 ** (0.119)	0.705 *** (0.176)	0.385 *** (0.126)	0.185 * (0.099)
Δ BGT Labor Supply/Demand Ratio	0.661 *** (0.107)	1.255 *** (0.181)	0.816 *** (0.117)	0.387 *** (0.090)
Baseline Controls	X	X	X	X
Occupation Fixed Effects	X	X	X	X
State Fixed Effects	X	X	X	X
Number of Observations	70,471	70,471	70,471	70,471

Source: Authors' analysis using data from **Burning Glass** Technologies.

Notes: Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. See notes for Table 1 for construction of variables. Baseline controls include the initial (2010) share of postings requiring the skill measured as well as the change in the number of total postings, 2010-2014, as a share of total employment in 2010. All specifications include a control for differences between the two time periods, 2010-2012 and 2012-2014. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Table 8. Relationship Between Changes in Employer Requirements and Natural Gas Labor Supply Shocks

	P.P. Change in the Share of Postings Requesting:							
	5 Or More Years of	Bachelor's Degree	5 Or More Years of	Bachelor's Degree	5 Or More Years of	Bachelor's Degree	5 Or More Years of	Bachelor's Degree
	Experience	or Greater	Experience	or Greater	Experience	or Greater	Experience	or Greater
	1	2	3	4	5	6	7	8
Gas Production (in Billion Cubic Feet)	-.0003147*** (.0000277)	-.0002033*** (.0000213)	-.000628*** (.000037)	-.0004248**** (.0000241)				
Dummy (Δ Gas Prod >50 Billion Cubic Feet)					-.1321177*** (.0130302)	-.0889454 *** (.0072097)		
Unemployment Rate (Instrumented with Gas Prod)							0.1233698*** (.043173)	0.0796979*** (.027079)
First Stage F-Statistic								
Fixed Effect	County	County	Firm-Job Title	Firm-Job Title	County	County	County	County
Observations	1,957,304	1,957,304	602,854	602,854	1,957,304	1,957,304	1,957,304	1,957,304
R-squared	0.0535	0.0425	0.8489	0.821	0.0535	0.0425	0.0213	0.026
Number of Counties	2,738	2,738	2,228	2,966	2,738	2,738	2,738	2,738

Sources: Authors' analysis using data on employer requirements from **Burning Glass** Technologies. County level gas production data from the USDA Economic Research Service. <http://www.ers.usda.gov/data-products/county-level-oil-and-gas-production-in-the-us.aspx>.

Notes: All specifications control for year dummies (2007 versus 2011). The dummy variable in specifications 3 and 4 takes a value of 0 in all 2007 observations, and 1 in counties whose production rose more than 50 billion cubic feet. We marked the following industries as tradable and non-fracking for this table: NAICS code less than 210000, NAICS codes between 212111-221330 excluding 213111 and 213113, and NAICS codes from 311111 to 339999. Standard errors (in parentheses) are clustered by county.

Table A1. Changes in Employer Requirements and Labor Market Slack During Recovery, *Accounting for Composition of the Unemployed*

Panel A: Education Qualifications					
	P.P. Change in the Share of Postings Requesting: a Bachelor's Degree or Greater				
	(1)	(2)	(3)	(4)	(5)
Share of Unemployed that are College Graduates	0.114*** (0.046)		0.058 (.053)		
Unemployment Rate for College Graduates		0.494*** (.168)	0.364* (.193)	0.676*** (.205)	
Unemployment Rate for Non-College Graduates				-0.221* (.116)	
BGT Supply/Demand Ratio * Share of Population that are College Graduates					0.199*** (.453)
R ²	0.022	0.022	0.022	0.023	0.023
Number of Observations	70,482	70,482	70,482	70,482	68,925

Panel B: Experience Qualifications					
	P.P. Change in the Share of Postings Requesting: 5 or More Years of Experience				
	(1)	(2)	(3)	(4)	(5)
Share of Unemployed that are Over Age 35 Years	0.019 (0.026)		-0.021 (.023)		
Unemployment Rate for Workers Over Age 35 Years		0.312*** (.113)	0.370*** (.093)	0.355** (.142)	
Unemployment Rate for Under Age 35 Years				-0.057 (.076)	
BGT Supply/Demand Ratio * Share of Population Over Age 35 Years					0.289*** (0.106)
R ²	0.014	0.014	0.014	0.014	0.014
Number of Observations	70,482	70,482	70,482	70,482	68,925

Source: Authors' analysis using data from Burning Glass Technologies.

Notes: In Panel A, we measure workers as skilled or unskilled based on whether or not they have a college degree. In Panel B, we indirectly measure work experience by classifying workers older than 35 as skilled. Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. All specifications include a control for differences between the two time periods, 2010-2012 and 2012-2014. Sample excludes county/occupation cells with fewer than 15 postings in either period for which the change is measured. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

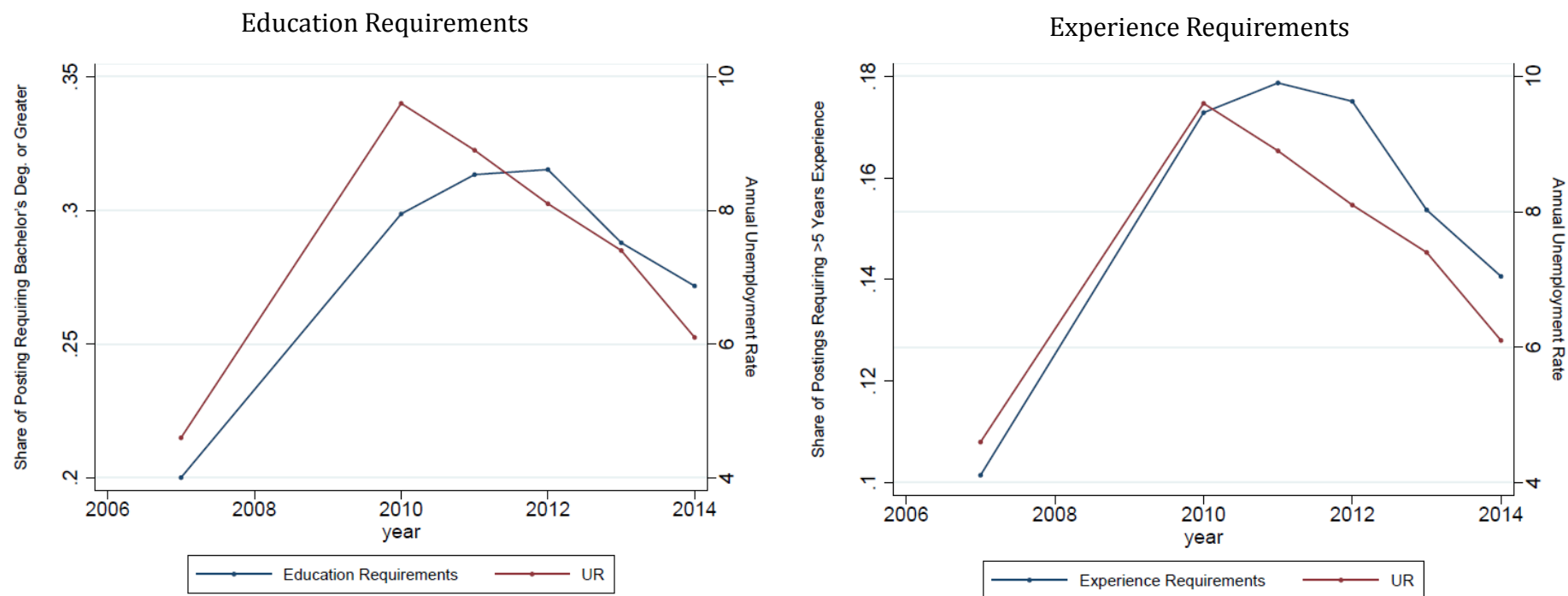
Table A2. Relationship Between Employer Requirements and Labor Market Slack During Recovery, *Fixed Effects Panel by Year 2010-2014*

	P.P. Change in the Share of Postings Requesting: a Bachelor's Degree or Greater		P.P. Change in the Share of Postings Requesting: 5 or More Years of Experience	
	(1)	(2)	(3)	(4)
Δ County UR	0.147 ** (0.059)		0.102 ** (0.048)	
Δ BGT Labor Supply/Demand Ratio		0.326 *** (0.075)		0.120 ** (0.052)
County x Occupation Fixed Effects	X	X	X	X
Year Fixed Effects	X	X	X	X
R ²	0.927	0.927	0.845	0.845
Number of Observations	176,389	176,389	176,389	176,389

Source: Authors' analysis using data from **Burning Glass** Technologies.

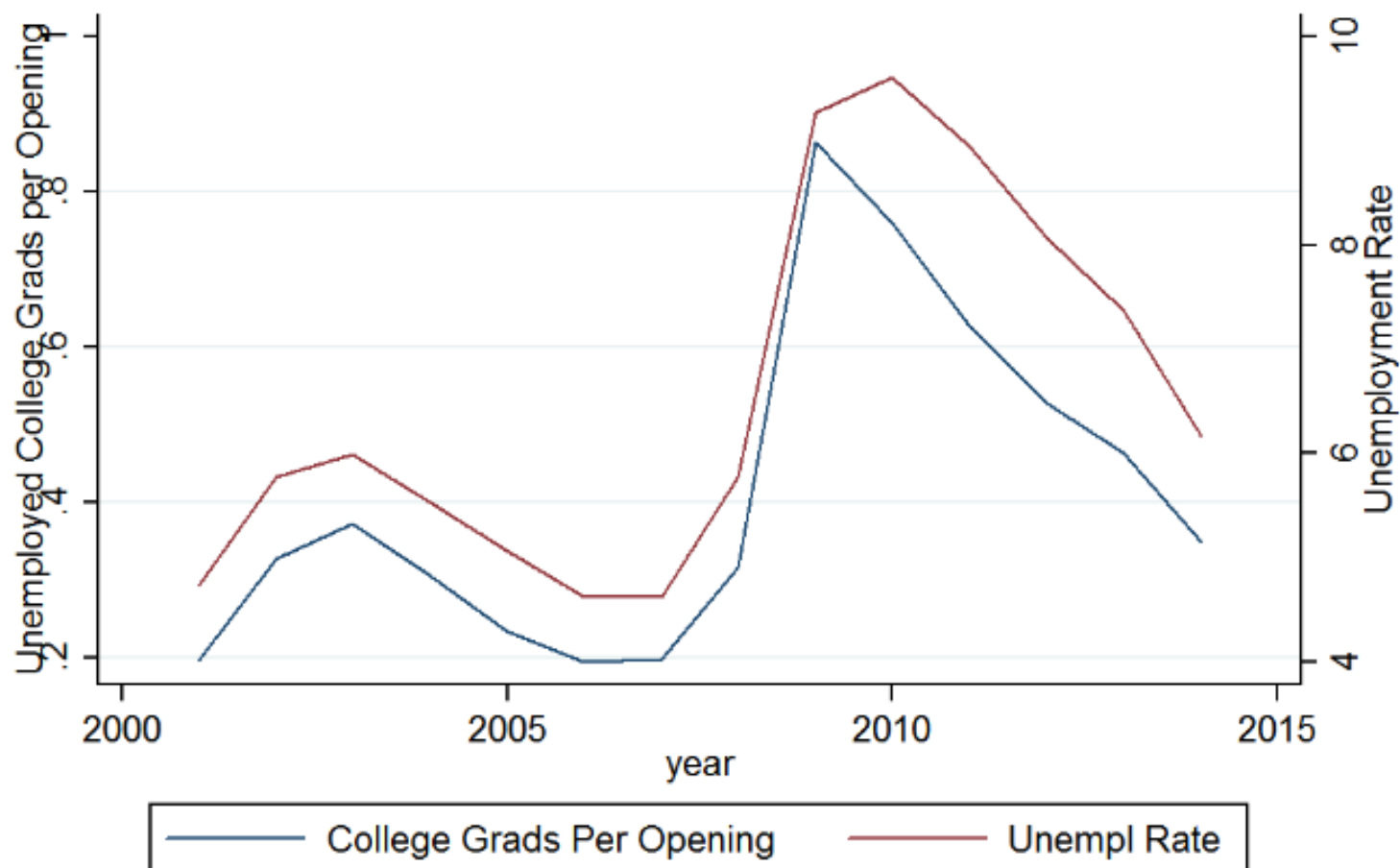
Notes: Observations are county x 3-digit Standard Occupation Code (SOC) cells containing at least 15 total postings in each year. See notes for Table 1 for the construction of variables. Specifications include data for each year 2010-2014. Observations are weighted by the occupation's share of each county's total postings. Standard errors (in parentheses) are clustered by county. * p<0.10, ** p<0.05, *** p<0.01.

Figure 1. Relationship Between Changes in Employer Requirements and Labor Market Slack, 2007-2014



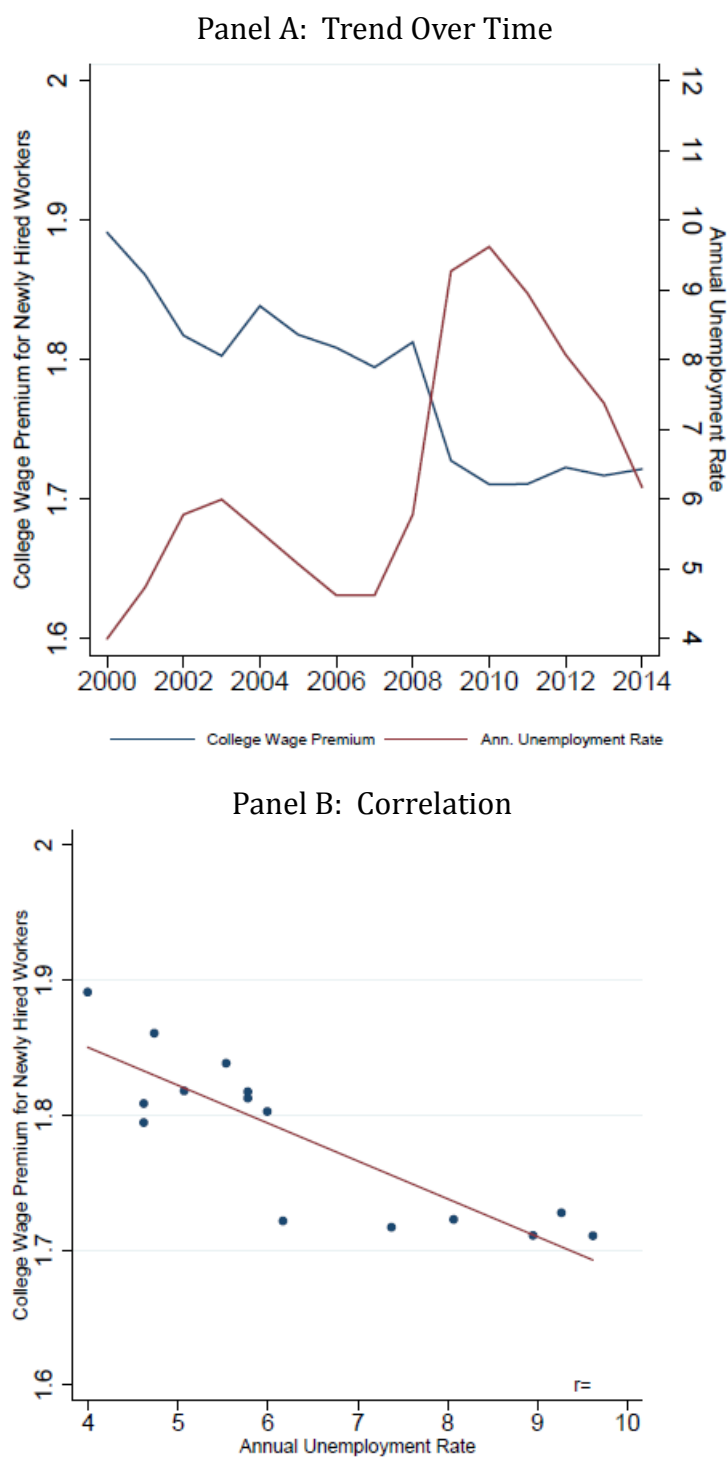
Notes: Authors' analysis using the unemployment rate as reported by the Bureau of Labor Statistics and data on job postings from Burning Glass Technologies, 2007-2014.

Figure 2. Correlation Between Skilled Workers Per Posting and the Unemployment Rate, 2000-2014



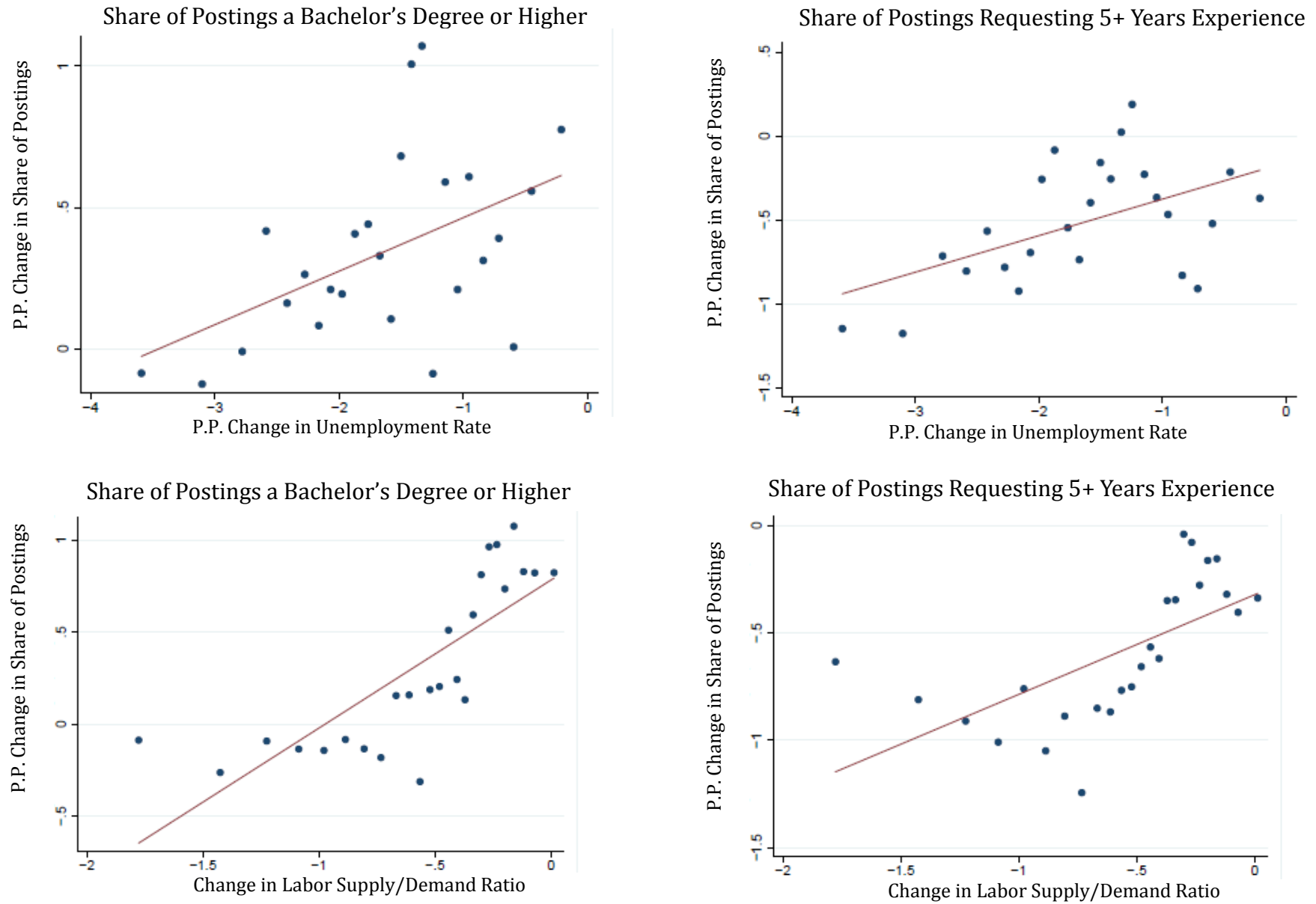
Notes: The unemployment rate is the annual rate for the U.S. as reported by the Bureau of Labor Statistics. The number of unemployed college graduates per opening is calculated by dividing the number of college graduates divided by the number of job openings each year for the U.S. The number of college graduates is calculated from the Current Population Survey. The number of job openings is the average over the twelve months of the year as reported by the Job Openings and Labor Turnover Survey collected by the Bureau of Labor Statistics.

Figure 3. Relationship Between College Wage Premium for New Hires and the Unemployment Rate



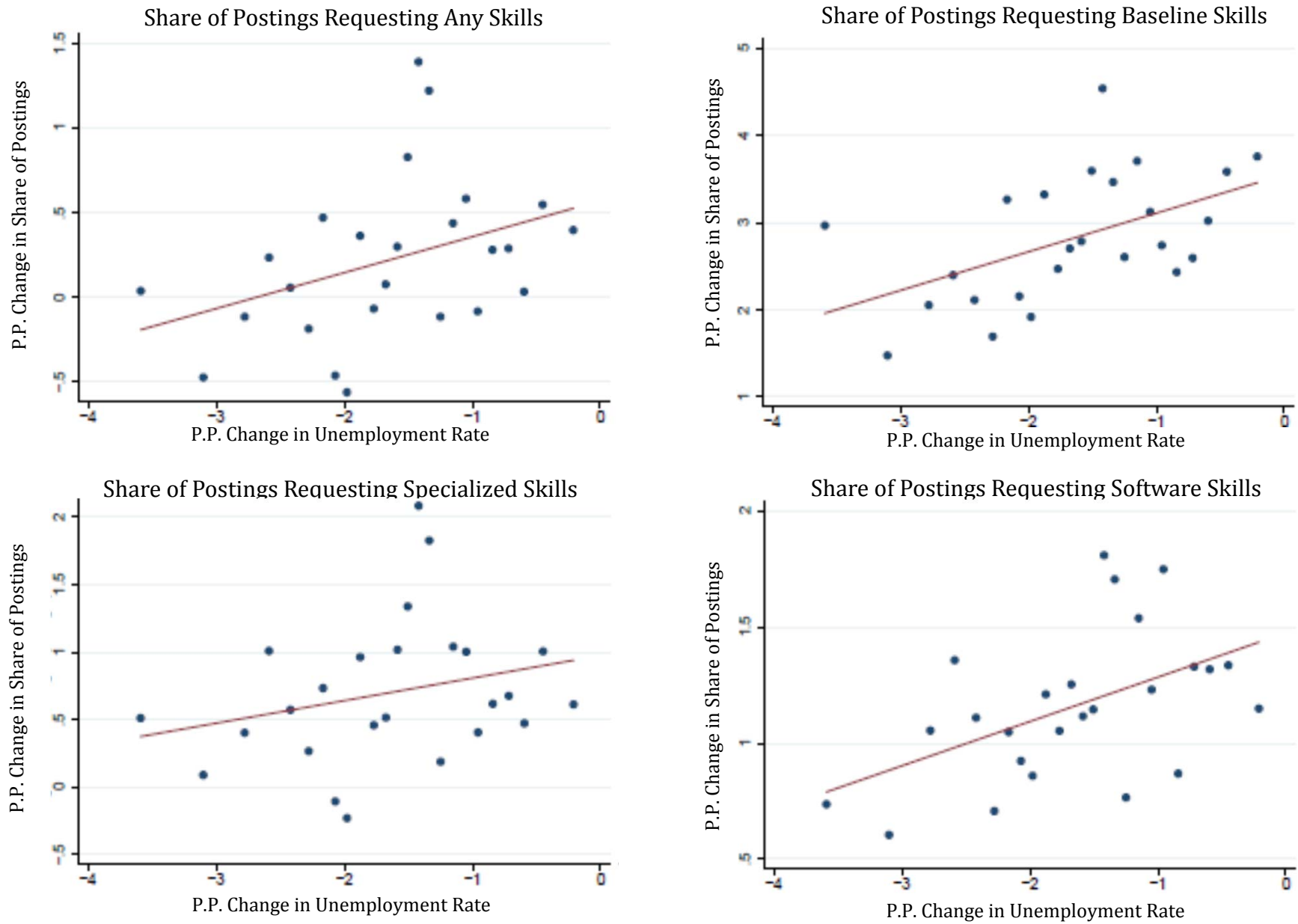
Notes: Authors' calculations using the unemployment rate as reported by the Bureau of Labor Statistics and data on new hires from the Current Population Survey (CPS). We calculate the college wage premium for newly hired workers using a multi-month matched CPS sample using a matching algorithm similar to that proposed by Madrian and Lefgren (1999). See the data appendix for details.

Figure 4. Relationship Between Changes in *Employer Requirements* and Labor Market Slack, 2010-2014



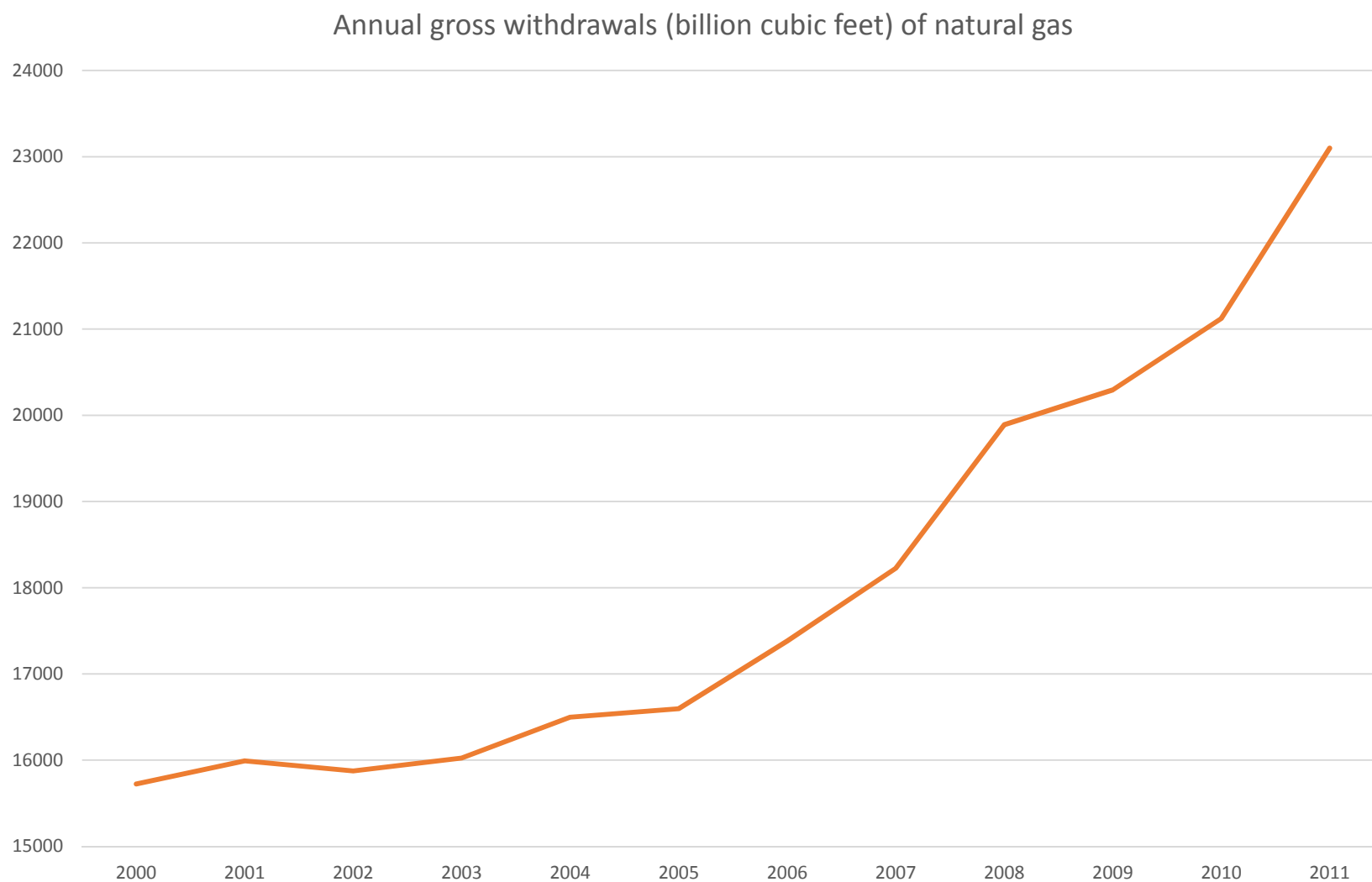
Notes: Authors' analysis using data from Burning Glass Technologies. The figure is a binned scatter plot (N=100) based on observations of county x 3-digit occupation cells.

Figure 5. Relationship Between Changes in Employer *Skills Requested* and Labor Market Slack, 2010-2014



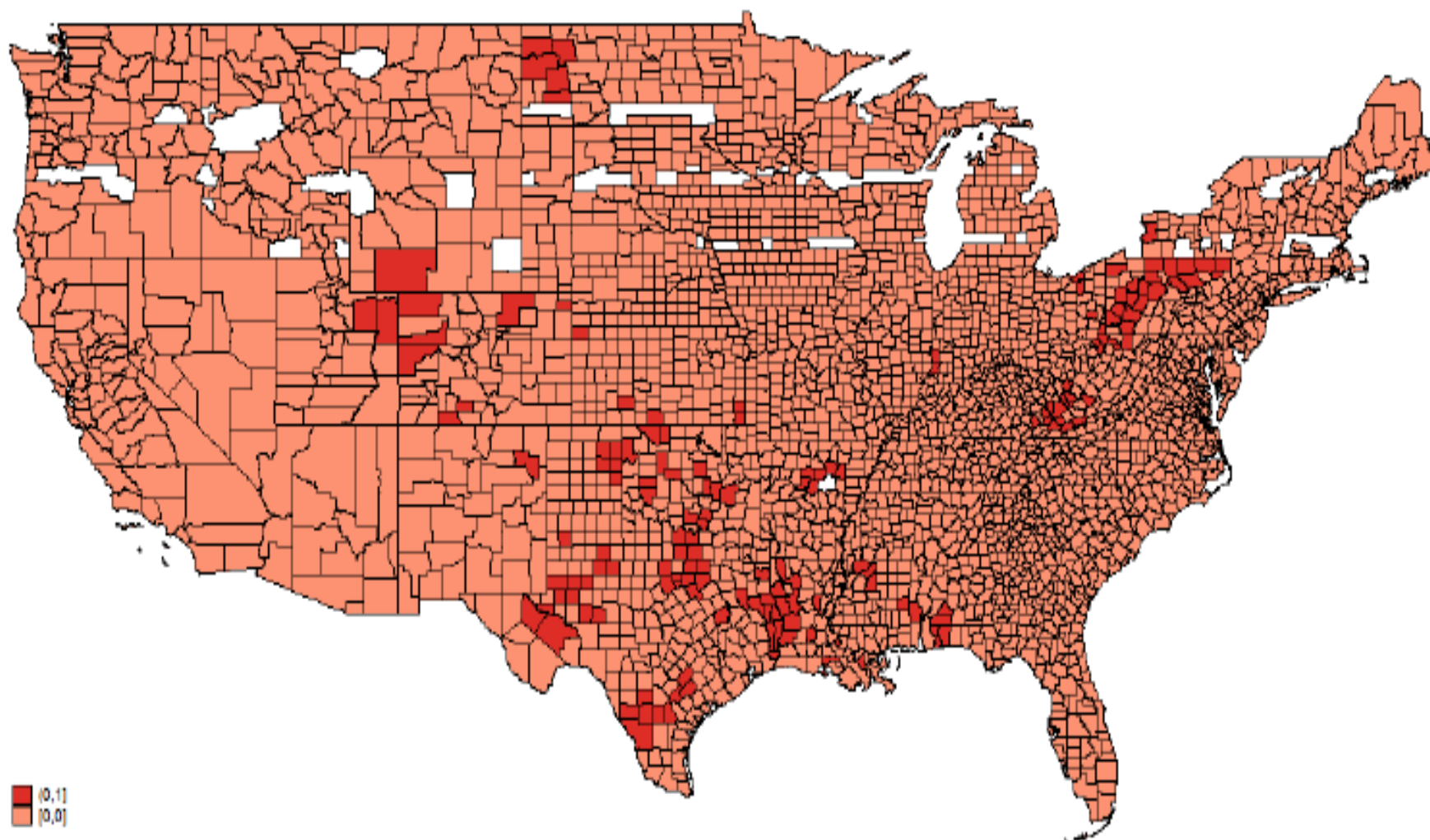
Notes: Authors' analysis using data from **Burning Glass** Technologies. The figure is a binned scatter plot (N=100) based on observations of county x 3-digit occupation cells.

Figure 6. Trend in Natural Gas Production, 2000-2011



Notes: Authors' calculations using data reported by the USDA Economic Research Service. <http://www.ers.usda.gov/data-products/county-level-oil-and-gas-production-in-the-us.aspx>

Figure 7. County-level Variation in Change in Natural Gas Production, 2007-2011



Notes: USDA Economic Research Service. <http://www.ers.usda.gov/data-products/county-level-oil-and-gas-production-in-the-us.aspx>.
Darker shading represents counties where natural gas production > 1 billion cubic feet