

Research Statement: Thomas J. Durfee

My name is Thomas Durfee, and my research expertise includes labor economics, public economics, and applied econometrics. My research interests cover labor economics, stratification economics, public economics, behavioral economics, and applied econometrics. These fields all have different focuses and traditions, but they all explore those who are affected by the power of information, the way we model their experiences, and the unintended effects of policy.

Meaningful analysis engages with the many ways stakeholders may be affected by policy. In 2016, I worked at the Roy Wilkins Center to provide economic simulations for the City Council of Minneapolis as they considered designing a \$15 minimum wage regime. We provided similar support two years later to the Citizens League as they guided St Paul's minimum wage exploratory committee. I found many cases where people reported earning less than the minimum wage. I learned how many Minnesotans were considered exempt from the minimum wage, due to firm size rules in the design of the Fair Labor Standards Act, the J-1 visa program, young worker training programs, or programs for workers with a disability.

Minimum wage exemptions are multi-arm treatments, which I study with the stacked difference in difference estimator. I chose a difficult topic so I could bring evidence to this policy discussion. Prior studies dealt with just the exemption for young workers and relied on small sample survey data from decades ago. Although there is limited evidence on the effects of these exemptions, policy decisions are being made. I studied these minimum wage exemptions, to ensure future policymakers could rely on up to date evidence. Although my results are mixed, it is not the goal of the researcher to promise statistical significance, only to provide thoughtful and honest analysis of the evidence.

Since 2017 I have been involved with study of the effects of the minimum wage on health and financial wellbeing as a part of the WAGES team -- a collaborative project that studies economic and health outcomes in response to the Minneapolis minimum wage and to the federal economic stimulus during the Covid pandemic with primary survey data collected by the University of Connecticut, the University of Minnesota, and the University of North Carolina.

Policy may be written to achieve noble goals, but my research explores when those promises may be made in bad faith. When I learned about the benefit corporation legal title adopted in many states, there was little insight on its economic effects. A legal title was designed to promote public goods, but the good faith effort of firms was taken for granted. Again, policy was moving forward on an assumption with no empirical evidence. In my second dissertation chapter, I provide that missing evidence to inform this process, and find that firms that adopt the benefit corporation title do not see an increase in revenue after they reorganize. This suggests that the average benefit corporation title is not adopted as a cynical marketing ploy.

My research combines theory with quantitative application of core methods to produce insightful inferences on market failures. I combine data from the Current Population Survey and the Minnesota Job Vacancy Survey to model slack in the labor markets, then expand the search model of Diamond, Mortensen, and Pissarides to include heterogeneous job type mismatch between households and firms based on if vacancies offer schedule flexibility or not.

My recent working paper with William Darity Jr., Darrick Hamilton, Samuel Myers Jr., Gregory Price, and Man Xu explores counterproductive assumptions researchers might make using the American Time Use Survey to make inferences on discrimination and workplace behavior. Our current draft explores sample selection issues with respect to race and ethnicity, and explores specification errors which lead to spurious conclusions. Future research on this topic will include econometric comparisons using different techniques (such as T-Tests, Binary Variable Methods, or the Oaxaca and Gelbach decompositions).

My future research agenda will build upon my current work. I want to explore how exemptions to the minimum wage may yield unintended consequences on total hours worked so households can maintain their eligibility for public assistance programs (often referred to as the benefits cliff). I also plan to use the tools of stratification economics to model the ways workers with a disability and racial minority workers may be singled out with these minimum wage exemptions. My research on applied microeconomics will extend the model of minimum wage exemptions to classify wage misreporting in the Current Population Survey compared to administrative data.

I will continue to explore the firm level effects of benefit corporations, and the revenue premium from the legally binding benefit corporation status and the nonbinding certification process. I also wish to explore if benefit corporations have labor cost savings with data from Orbis.

My research on paid family leave and job search will extend to study other household characteristics that may influence barriers to entry into an occupation. This may include the strategic behavior of firms seeking to use paid family leave to discriminate against their workers. I also plan to apply my multi-household, multi-vacancy search model to study other types of jobseekers under vacancy requirements, like occupational licensure and prior experience.

Whether studying the labor economic effects of exemptions to the minimum wage, the revenue effects of socially conscious objectives, discrimination based on false perceptions of workplace time use, or the externality ripple effects of the job search process, my research agenda focuses on the ways stakeholders use things other than currency as a medium for economic power. I study the ways agents deviate from a perfect competition model because their objective is more complicated than profit alone. Before you can attempt to study how people behave economically, one must first understand the problem people are solving. The goal of my research is to identify people affected by policy problems, find what data is missing about their situation, learn how people behave in that setting, apply robust analysis, and discuss the limits of that model. I hope my research provides meaningful tools to support more informed policy.