

What happened to the employers surveyed by the BLS Mass Layoff Statistics Program?

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Handwerker and Mason use data for all employers identified in the Mass Layoff Statistics program from 1995 to 2013 (when this program ended because of budget cuts), as well as a group of similar employers without a layoff in the same quarter. The comparison employers were chosen because their ages, industries, and sizes were similar to employers in the survey. For both groups, employment and wage records from the BLS Quarterly Census of Employment and Wages were examined for the 5 years before and after the layoff date to compare long-term employment, average wage, and closure outcomes.

The comparison showed that employers with mass layoffs were growing more quickly than the comparison employers in the years before the layoff and had permanently lower employment levels after the layoff. However, this varies by several factors, including reason for the layoff (as reported in the Mass Layoff Survey), employer industry, and period in which the layoff occurred. Mass layoffs for seasonal reasons were associated with much smaller changes in employment, both before and after the layoff, than other layoffs. Employment trends also vary by industry: 5 years after a layoff, construction-industry employers with layoffs had 67 fewer employees than their comparison employers, while retail-industry employers with layoffs had 800 fewer employees than their comparison employers. Manufacturing-industry layoffs had employment outcomes in between these other industries. Layoffs occurring during the Great Recession of 2007–09 happened for employers with more similar employment patterns to their comparison employers both before and after the layoff than layoffs during earlier periods.

Layoffs also mean permanent increases in average wages per quarter for employers with layoffs relative to comparison employers, suggesting that lower paid employees are the most likely to be laid off. Furthermore, employers with layoffs were also more likely than comparison employers to close down in the years after the layoff, particularly if the layoff did not happen for seasonal reasons. Layoffs that took place during the Great Recession were associated with smaller increases in the probability of closure than layoffs that took place during other periods. This is only partially explained by differences in the layoff reasons, industries, and employer ages. Overall, the mass layoffs taking place during the Great Recession and afterwards appear to have had less permanent impact on employers than layoffs during earlier periods.