Andrew Teodorescu

PERSONAL DETAILS

Department of Finance
Stanford Graduate School of Business
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EDUCATION

Ph.D. in Finance, Stanford Graduate School of Business — 2022 – 2027 (Expected)

B.A. in Economics, *summa cum laude,* Emory University — 2016 – 2020
B.A. in Mathematics

REFERENCE

Gonzalo Maturana
Goizueta Foundation Term Associate Professor of Finance
Emory University Goizueta Business School
gonzalo.maturana@emory.edu

RESEARCH INTERESTS

Primary fields: Corporate Finance, Labor Economics
Secondary fields: Political Economy, Industrial Organization

PH.D. COURSEWORK

Microeconomics I (Ravi Jagadeesan and Ilya Segal)
Microeconomics II (Paul Milgrom)

Macroeconomics I (Monika Piazzesi and Martin Schneider)
Macroeconomics and Financial Markets (Arvind Krishnamurthy and Monika Piazzesi)

Intermediate Econometrics I (Han Hong and Joseph Romano)
Intermediate Econometrics II (Han Hong and Jan Spiess)
Intermediate Econometrics III: Methods for Applied Econometrics (Guido Imbens)

Financial Markets I (Benjamin Hébert)
Empirical Asset Pricing (Hanno Lustig)

Corporate Finance Theory (Jeffrey Zweibel)
Empirical Corporate Finance (Juliane Begenau)

Industrial Organization I (José Ignacio Cuesta, Liran Einav, and Paulo Somaini)
Industrial Organization II (Matthew Gentzkow, Neale Mahoney, and Ali Yurukoglu)

Labor Economics II (Nick Bloom)

SELECTED WORK IN PROGRESS

1. **"The Hidden Costs of Government Shutdowns" (2023)**
   with Christoph Herpfer and Gonzalo Maturana

We examine implications of government shutdowns for government employment and productivity. Consistent with shutdowns generating liquidity challenges or disillusionment in employees, employees affected by government shutdowns experience a 31% increase in voluntary turnover after a furlough. This lost workforce is not replenished after exits stabilize. Younger employees with better outside opportunities are more likely to quit, while more experienced employees who receive higher pay are more likely to retire. Affected bureaus react by outsourcing more of their activities, with the cost for temporary service workers surpassing the savings from the reduced payroll by a factor exceeding two. Moreover, affected government bureaus exhibit substantially reduced output, with decreases across payment processing, legal enforcement, and innovation capabilities, which is consistent with shutdowns eliminating valuable human capital and decreasing government productivity.

2. **"The Employment Effects of Delayed Payments" (2024)**

This paper studies how unexpected delays of major customer payments shape labor outcomes at supplier firms. I exploit the unexpected 2018–2019 U.S. federal government shutdown as a negative liquidity shock to federal contractors and analyze its impact on contractor employment. Contractors with delayed payments experienced 90% lower employment growth in the shutdown year relative to the other contractors. The effect is persistent for at least two years after the shutdown, and the results are not driven by firms with high contract revenue outside of the shutdown or firms with low employment pre-trends. The negative effect of the shutdown on contractor employment is strongest among small firms, firms in tight labor markets, and services firms with less-skilled workforces.

Conference Presentations

"The Value of Cronyism: Insider Trading in the Teapot Dome Affair"
with Caroline Fohlin

- ASSA Annual Meeting (San Diego, 2020)
- Emory University Undergraduate Research Symposium (Atlanta, 2018)

Relevant Positions

New York University Stern School of Business 2020 — 2022
Junior Research Scientist
Research Assistant to Alexi Savov and Philipp Schnabl

Emory University Goizueta Business School 2019 — 2020
Research Assistant to Christoph Herpfer and Gonzalo Maturana

Federal Reserve Bank of Cleveland 2019
Economic Research Intern
Research Assistant to Randal Verbrugge

Emory University 2017 — 2019
Research Assistant to Caroline Fohlin

Awards & Fellowships

Stanford Universty Graduate School of Business, Graduate Fellowship 2022 — Present
Emory University, Shepard Scholarship for Graduate Study ($3,000) 2022
Emory University, Highest Honors in Economics 2020
Emory University, Jack and Lewis Greenhut Award in Economics ($500) 2020
Emory University, Undergraduate Research Programs Conference Grant ($400) 2020
Emory University, Summer Undergraduate Research Experience Fellowship ($3,000) 2018

Other

Programming: Python, R, Stata, SAS, Matlab

Citizenship: USA

Personal Statement

Introduction. As a second-year Finance Ph.D. student at Stanford GSB, my research interests broadly lie in studying the interplay between public policy and firm behavior. I am particularly interested in how financial frictions and regulations affect corporate workforces. Given that entrepreneurial firms face inordinate financing frictions and contribute substantially to aggregate employment and growth, understanding the economics of entrepreneurship and entrepreneurial finance is key to developing my research agenda. I am accordingly applying to the Entrepreneurship Research Boot Camp with the aim of building a research skillset that will better prepare me to address frontier questions at the intersection of labor economics and corporate finance.

Current research. My current research studies the employment effects of U.S. federal government shutdowns, which occur when Congress fails to pass an appropriations bill to fund the government. During a shutdown, federal law prohibits most operational expenditures in affected agencies, which notably leads to mass furloughs in the civil service as well as long payment delays to federal contractors. Shutdowns are a perennial threat to government normalcy and have recently become more frequent and disruptive.

Herpfer, Maturana, and Teodorescu (2023) investigates the effects of furloughs of government employees on government turnover and productivity. We study the 2013 U.S. federal government shutdown, which led to the furlough of over 800,000 full-time civil service members. While federal employees are guaranteed back-pay following government shutdowns, the 16-day furlough posed a significant liquidity shock to affected workers (Gelman et al., 2020). Shutdown-induced furloughs may additionally lead federal employees to negatively update their views of their career trajectory within the federal government. These forces make government employment less desirable, incentivizing federal workers to seek jobs elsewhere. Indeed, we find that employees at bureaus affected by the shutdown experience a 31% increase in voluntary turnover after a furlough. Employees with better outside opportunities are more likely to quit following a shutdown, consistent with talented workers being more likely to leave distressed firms (Baghai et al., 2021). We also find that shutdowns appear to harm the government's productivity as well as its innovation capabilities.

Extensions to current research. An important question is whether "brain drain" of the kind we document has positive spillover effects for local labor markets. In the spirit of Babina (2020) (a Boot Camp alumnus), who documents that distressed firms spur entrepreneurship, my coauthors and I are extending our analysis of the shutdown to determine the extent to which shutdown-induced exits ultimately start or join entrepreneurial firms. Relatedly, Teodorescu (2024) studies the effects of shutdowns on government contractors and documents that the negative effects of shutdowns on firm-level employment are concentrated among small firms, which are most likely to be finance-constrained. I am presently studying how a shutdown-induced cash flow shock impacts entrepreneurial firms and their non-government business customers.

Future research. Beyond my research on shutdowns, I am interested in studying the role of regulation in shaping the entrepreneurial finance landscape. One area of particular interest to me examines how regulation that raises the costs of venture capital (VC) exit strategies affects the kind and quantity of entrepreneurial firm entry in equilibrium. Recent work has documented the growing regulatory costs of being a publicly-listed firm related to financial disclosure and governance rules (Ewens, Xiao, and Xu, 2024). Also, the new U.S. antitrust leadership has scrutinized startup acquisitions by dominant firms due to their questionable effects on consumer welfare (see, e.g., Cunningham, Ederer, and Ma, 2021). These two regulatory developments raise the costs of VC exit strategies: initial public offerings or acquisitions, respectively. I have begun work in this area for a term paper in Nick Bloom's Labor Economics class.

Motivation for attending. What compels me most about the prospect of attending the Boot Camp is the opportunity to learn more about the frontier in entrepreneurship research—especially given that Stanford does not offer a Ph.D. course in this important area—as well as the opportunity to become involved in the entrepreneurship research community. I would be thrilled to meet students from diverse fields with similar interests in entrepreneurship research and to enter a network of successful Boot Camp alumni.

References

Babina, Tania, 2020, Destructive Creation at Work: How Financial Distress Spurs Entrepreneurship, *The Review of Financial Studies* 33, 4061–4101.

Baghai, Ramin P., Rui C. Silva, Thell Viktor, and Vikrant Vig, 2021, Talent in Distressed Firms: Investigating the Labor Costs of Financial Distress, *The Journal of Finance* 76, 2907–2961.

Cunningham, Colleen, Florian Ederer, and Song Ma, 2021, Killer Acquisitions, *Journal of Political Economy* 129, 649–702.

Ewens, Michael, Kairong Xiao, and Ting Xu, 2024, Regulatory Costs of Being Public: Evidence from Bunching Estimation, *Journal of Financial Economics* 153, 103775.

Gelman, Michael, Shachar Kariv, Matthew D. Shapiro, Dan Silverman, and Steven Tadelis, 2020, How Individuals Respond to a Liquidity Shock: Evidence from the 2013 Government Shutdown, *Journal of Public Economics* 189, 103917.

Herpfer, Christoph, Gonzalo Maturana, and Andrew Teodorescu, 2023, The Hidden Costs of Government Shutdowns, SSRN Working Paper No. 3962279.

Teodorescu, Andrew, 2024, The Employment Effects of Delayed Payments, Working Paper, Stanford Graduate School of Business.

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February 11, 2024

Letter of Recommendation for Andrew Teodorescu

Dear Committee Members:

It is my pleasure to strongly recommend Andrew Teodorescu for admittance to the NBER's Entrepreneurship Research Boot Camp. Andrew is currently a second year Finance PhD student at Stanford University researching on labor and finance topics. I know Andrew well because he worked for me as a research assistant during his senior undergraduate year at Emory University and because we have been working together in a joint research project for the last four years. This is the only time that I have co-authored a research paper with someone before they enter a doctoral program, and I must say that my experience working with him has far exceeded my expectations.

In our joint work, we examine government employment and productivity after the 2013 government shutdown and highlight the indirect costs of government shutdowns through the loss of human capital. The paper is at an advanced stage and is publicly available in SSRN under the title "The Hidden Costs of Government Shutdowns." Andrew has been instrumental for the development of this research, not only by conducting extremely careful empirical work, but also by contributing to the economic discussions around the project.

Relatedly, Andrew has been developing a research agenda that studies how political disfunction affects employment and productivity within the government and its contractors. In a solo-authored paper, Andrew studies the effects of the 2018-2019 government shutdown on contractor firms. Specifically, he shows that affected contractors (that are paid late) experience lower employment growth, and that these effects are especially pronounced for small firms.

Overall, I have seen Andrew grow as a researcher over the past few years. He not only has been getting excellent training at Stanford, but also working hard on starting his own research agenda in labor and finance. In this regard, I think that attending the Entrepreneurship Research Boot Camp can be immensely beneficial for him as he continues to develop this research agenda. The

boot camp will allow him to get exposure to the latest research in the area as it relates to entrepreneurship, as well as to get to know the research community more generally.

To conclude, and on a more personal note, I can say that Andrew is a great person to have around. He is friendly, engaging, and a great communicator. I strongly believe he will be a positive contributor to the boot camp and that you will be glad that he attended. To sum up, I give Andrew my **highest recommendation**. If you need me to provide further information, please let me know.

Sincerely,



Gonzalo Maturana