

# Research on Economic Mobility: Gaps and Opportunities

*NBER Working Group on Economics of Mobility*

October 20, 2021

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# Plan for the talk

- Start with some comments on innovations that have supported the work to date
- Then move to areas where we should do more
- Our prior mobility workshop emphasized measurement; this one focuses on policy: my comments will also be focused on policy

This talk draws heavily from a JEP paper in progress with Anna Aizer and Adriana Lleras-Muney “A Brief History of Research on the Social Safety Net for Children: Implications for Policy and Research.” I thank Anna and Adriana for the conversations!

# Existing Research on Mobility: Important Elements

# (1) Data

## New uses of existing data

- **Tax data** – explosion of work with longitudinal personal income tax data (including information returns)
- **Census Linkages** – Abramitzky et al *JEL*, Price et al *Explorations Economic History*
- **Linkages across administrative data domains** - education/labor market/criminal justice/health
- **Linking survey data with administrative data** – Census/NUMIDENT, Census/Mortality, CPS/Admin data for measuring poverty
- **State Administrative data** – Ex. California Policy Lab links state admin data on tax/social safety net/labor market/health

# (1) Data

## New data

- Many studies are made possible by digitizing new data
- In this conference alone 4 of the 6 papers are doing this

# (1) Data

Next Steps for continuing this data revolution:

- Equalize access –extend access to this data to as many people as possible, particularly need to advance access to administrative data
- Build a robust “backbone” – tax data leaves behind the most disadvantaged (who do not have to file) and the incarcerated; how to augment with other administrative data (social safety net)
- More attention needed to measuring race/ethnicity in admin data

**“If you build it, they will come”**

## (2) Expansions of RCTs in this space

- JPAL North America plays a big role here
- Growth of partnerships with service providers, etc.

Looking forward:

- Return to RCTs from the past, opportunities for evaluating medium and long term outcomes
- [Plugging my own work!] I am working with MDRC (joint with Pauline Leung, Jordan Matsudaira, Zhuan Pei) to evaluate the long term effects of 1990s welfare reform RCTs on children (who are now adults and in administrative data)

### (3) Expanding the scope of the questions we ask

- When analyzing treatments or policies, economists have historically started by quantifying the costs
  - Effects on labor supply, work disincentives
  - Effects on family formation, fertility
- Put another way, early work focused on parental behaviors with little attention to the children (who many policies are ultimately aimed at!)
- How can we fully evaluate programs if we quantify the costs but not the benefits?
- Obviously both are relevant for economic mobility

### (3) Expanding the scope of the questions we ask

- Our JEP paper seeks to describe and quantify this evolution within the context of research on the social safety net for children
- We want to understand what led to the shift in attention from costs to short term benefits to long run benefits. We think the following elements may have been important:
  - Research on long run effects of preschool (Perry, Abecedarian)
  - Research on long run effects of early life shocks on later life outcomes
  - Early influential research on benefits of Medicaid (Janet Currie, Jon Gruber)
  - Also requires data availability (already discussed above)

Table 2: Counts of Articles on Social Safety Net, by Type

	70s	80s	90s	00s	10s	20s	Total
<b>Number of Articles with Incentive Effect</b>							
All Programs	13	21	22	31	10	3	100
AFDC/TANF	5	12	14	24	0	0	55
EITC	0	0	1	3	6	1	11
SNAP/FSP	0	2	6	9	0	1	18
Medicaid	1	1	8	2	4	1	17
Head Start	0	0	0	0	0	0	0
Negative Income Tax	7	8	0	1	1	0	17
<b>Number of Articles with Benefit Effect</b>							
All Programs	6	3	7	11	30	3	60
AFDC/TANF	0	1	2	1	1	0	5
EITC	0	0	0	0	6	0	6
SNAP/FSP	0	2	1	3	6	3	15
Medicaid	1	0	4	3	14	0	22
Head Start	1	0	0	4	6	0	11
Negative Income Tax	4	0	0	0	0	0	4

Data pulled for publications 1970-2021 for the following journals:

American Economic Review

Journal of Political Economy

Quarterly Journal of Economics

Review of Economic Studies

Econometrica

Review of Economics and Statistics

AEJ: Applied

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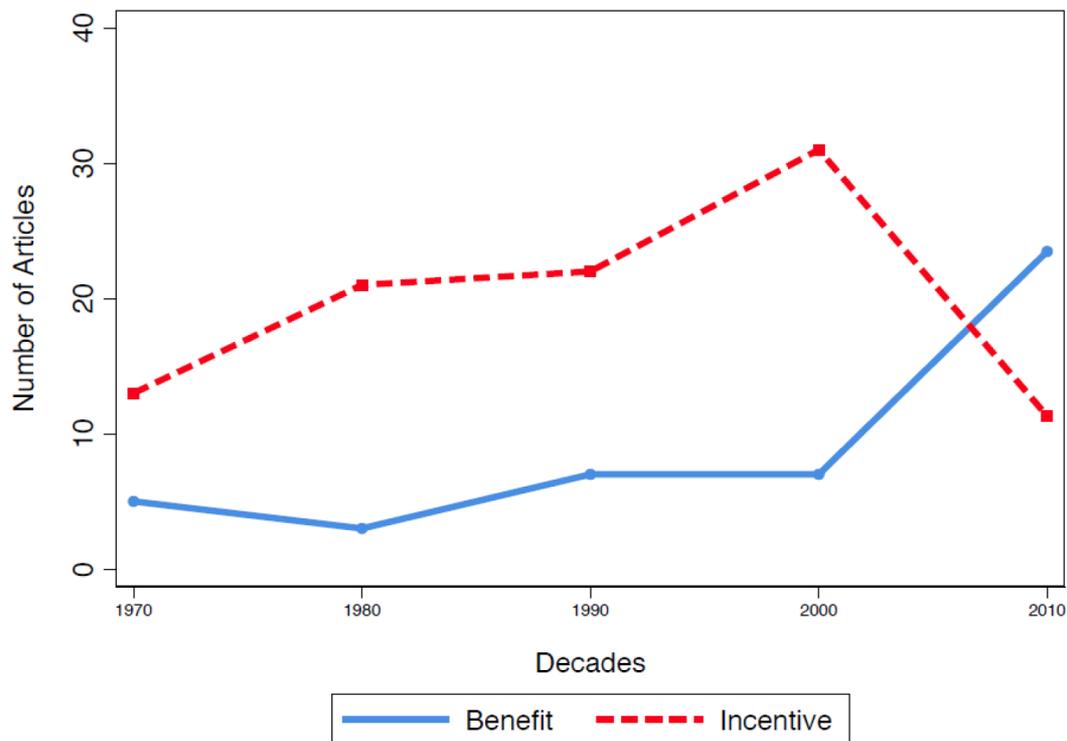
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Figure 2: Research articles on incentive and benefit effects of anti-poverty programs



Programs here include: AFDC/TANF, EITC, SNAP/Food Stamps, Medicaid, Negative Income Tax

- In talking with others about our results, it is clear that this is a pattern in the evolution of other areas of economic research:
  - Unemployment insurance (initial work on moral hazard, later work on quantifying the insurance it provides)
  - Family Leave (initial work on maternal employment, later work about mental health of moms and well being of children)
  - Job loss, child care, social security, and more



Moving forward – gaps and opportunities

# (1) Understanding the role of race

- Too much of our foundational work limits analysis to whites, or white men. To understand the facts and drivers of economic mobility, we need to study all Americans.
- Structural racism helped build US programs. We need more attention to this legacy, how it affects black and/or immigrant people and how it affects the population more generally (through limited funding, administrative hurdles, block grants)
- Our research should not only examine impacts by groups (e.g. white vs black people) but also should focus on closing equity gaps

# (1) Understanding the role of race

- Data needs: Too often administrative data lacks information on race
- Biden executive order “**Establishing an Equitable Data Working Group**. Many Federal datasets are not disaggregated by race, ethnicity, gender, disability, income, veteran status, or other key demographic variables. This lack of data has cascading effects and impedes efforts to measure and advance equity. A first step to promoting equity in Government action is to gather the data necessary to inform that effort.”

## (2) Get inside the black box

- Why do increases in resources for children improve their outcomes in adulthood?
  - In many settings, we show impacts at birth (e.g. birthweight), maybe something on test scores, then much later find positive impacts on completed human capital and economic wellbeing
  - Opportunity for merging school district data with other administrative data to learn more (??)
- Single treatment - multiple channels: challenge in disentangling changes in parental employment and family income
- More on the mediators, childhood factors other than income
- Fade out and bounce back; why? What is happening in between?

## (2) Get inside the black box

- Why do places matter?
  - What characteristics of neighborhoods have a causal effect on the development of human capital and on intergenerational mobility?
  - Which place-based programs or interventions are most effective in promoting economic mobility, and for whom
  - Moving matters for a child moving but can we get gains for improving place – this has the potential to affect many more people

### (3) Interactions / Complementarities

- Too often our analyses focus on a single cause. Are treatments more effective with another policy in place?
- Example: Bailey et al 2020 finds that food stamps in childhood leads to increases in completed human capital outcomes for whites but not for blacks. Are well funded, desegregated schools necessary to translate early life resources to long run outcomes?
- Does public preschool lead to better outcomes when food and nutrition programs are available?
- Do childhood investments generate higher returns when we don't have environmental risks (lead pipes, local air pollution)
- May not be able to wait for “lightning to strike twice” to make progress on this

## (4) Sensitive periods

- What are the effects of investments in different parts of childhood: SNAP effects largest up to age 5, EITC effects larger in later childhood

## (5) People vs Places

- I don't think it is productive to pit "people policies" against "place policies"
- BUT we do need to understand more the differences of treating people vs treating places. When is one better than the other and for whom?

## (6) Fadeout and Bounce Back

- Or more generally, the dynamics of treatment effects
- Estimated effects may “appear” at different points in time because of dynamics in the underlying process of skill production (i.e., risky behavior does not manifest until adolescence and then declines in early adulthood) or because data limitations prevent researchers from effectively measuring outcomes at different points in time (noncognitive skills)

## (7) Surrogacy

- Ultimately we want to know the long run effects of different interventions
- But it can take decades for the long run effects to be measureable, to emerge
- Can we identify short run outcomes that help in identifying when, and for whom, we will have long term outcomes?
- I could imagine this being possible for an analysis of an adult intervention (e.g. training program) but I am less confident that we will be able to identify a short term outcome for an intervention affecting children (at one point birthweight was considered a possible surrogate for long run health)

Thank you!