

Social Mobility and Neighborhood Effects

Nathaniel Hendren

Harvard University

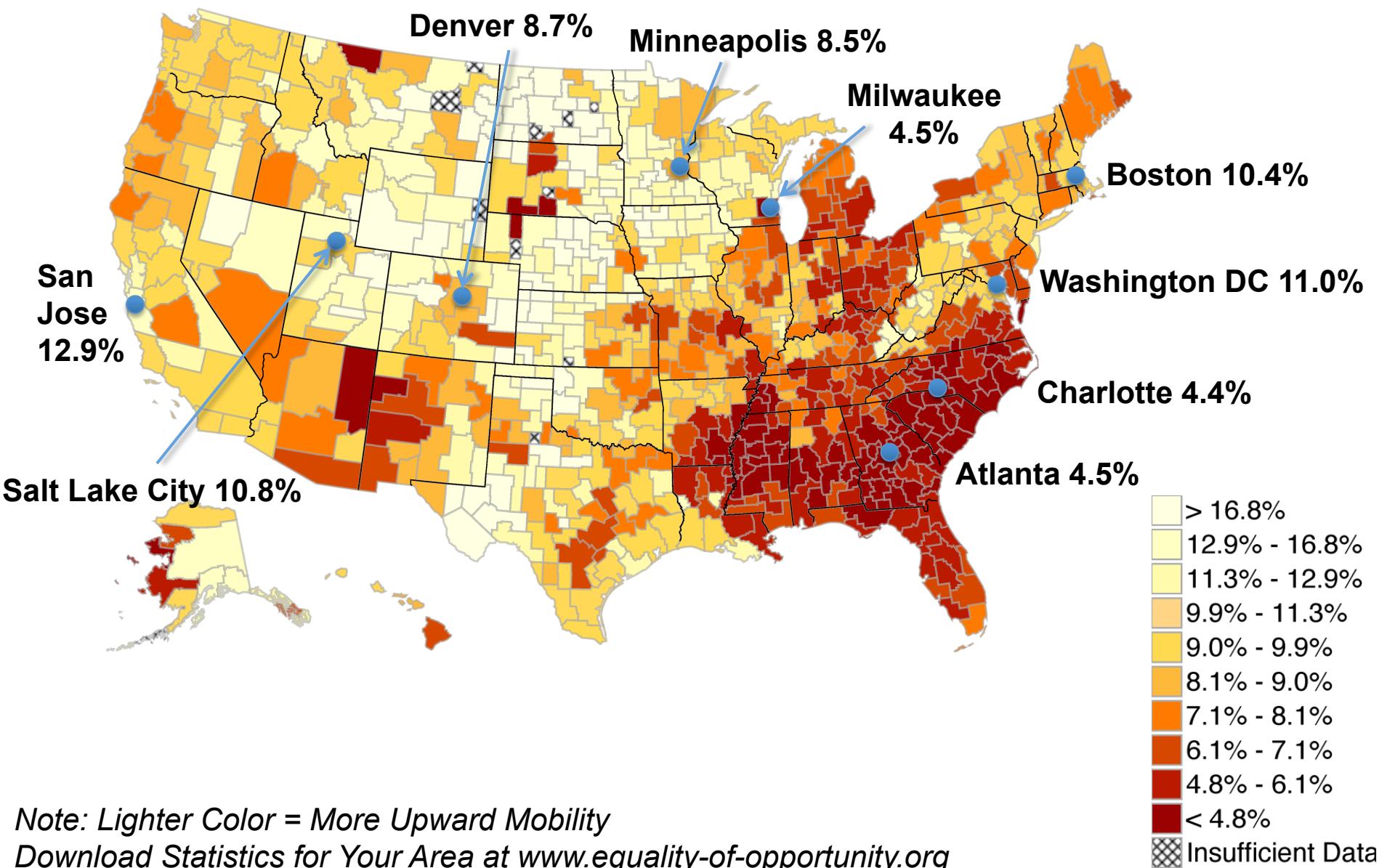
Our Research

[Joint with Raj Chetty, Lawrence Katz, Pat Kline, Emmanuel Saez, and Nicholas Turner]

- Utilizes universe of US income tax returns from 1996+ and information returns from 1999+
- 1. Document intergenerational mobility in the US and, in particular, use richness of the data to study how it varies geographically across the US
- 2. Exploit size of data to generate quasi-experiments to identify causal effect of neighborhoods on children's long-run outcomes
- 3. Link previous RCTs to identify causal effects of policy (e.g. Moving to Opportunity Experiment)

1. The Geography of Upward Mobility in the United States

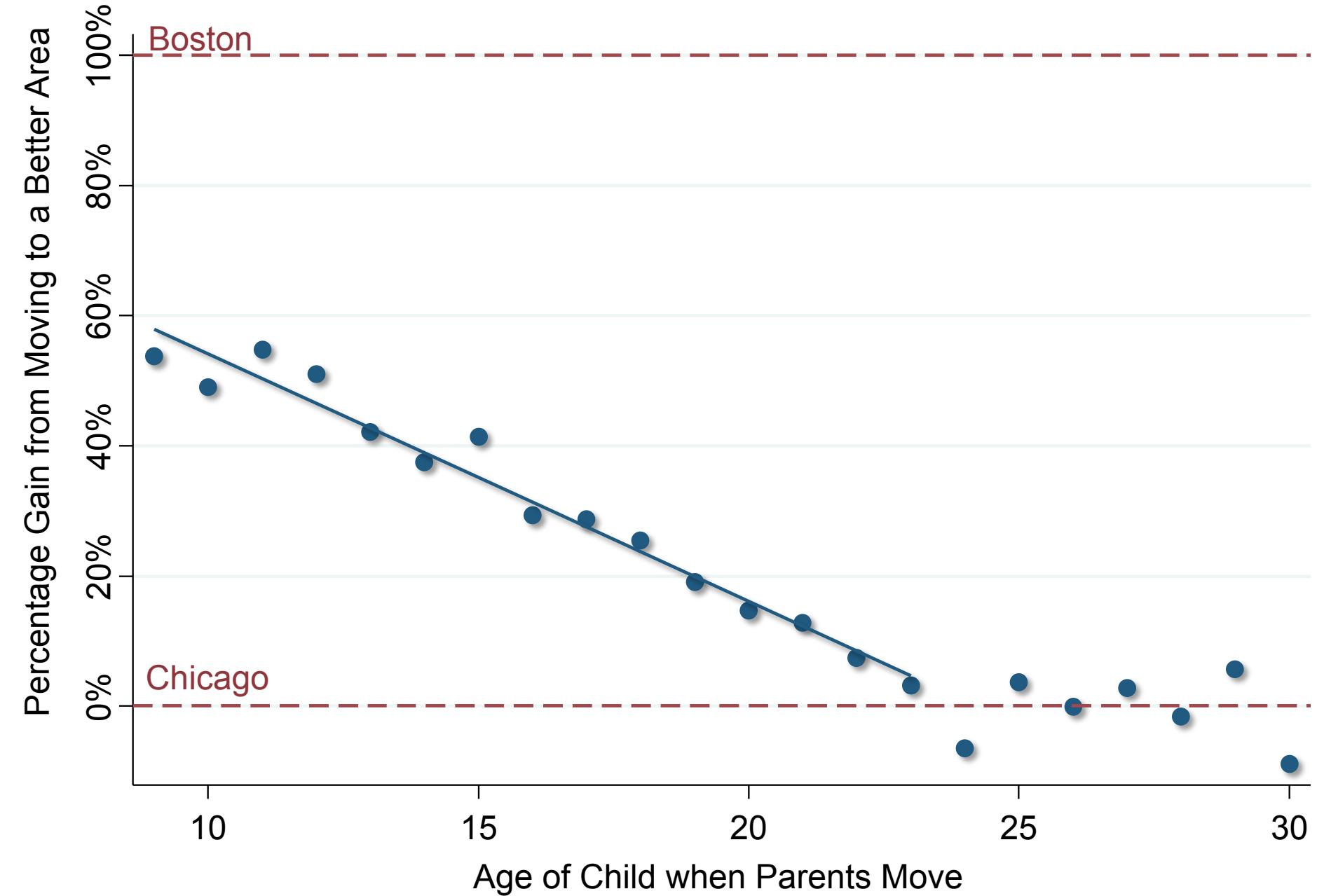
Odds of Reaching the Top Fifth Starting from the Bottom Fifth by Metro Area



2. Why Does Upward Mobility Differ Across Areas? The Importance of Childhood Environments

- Most of the variation in upward mobility across areas is caused by differences in childhood environment
- Demonstrate this by studying 5 million families that move between areas in the U.S.
 - Separate “People versus Place”
 - Earlier a family moves to a better neighborhood, the better their child does in adulthood
 - Validate using sibling design and over-identification tests

Effects of Moving to a Different Neighborhood on a Child's Income in Adulthood by Age at Move

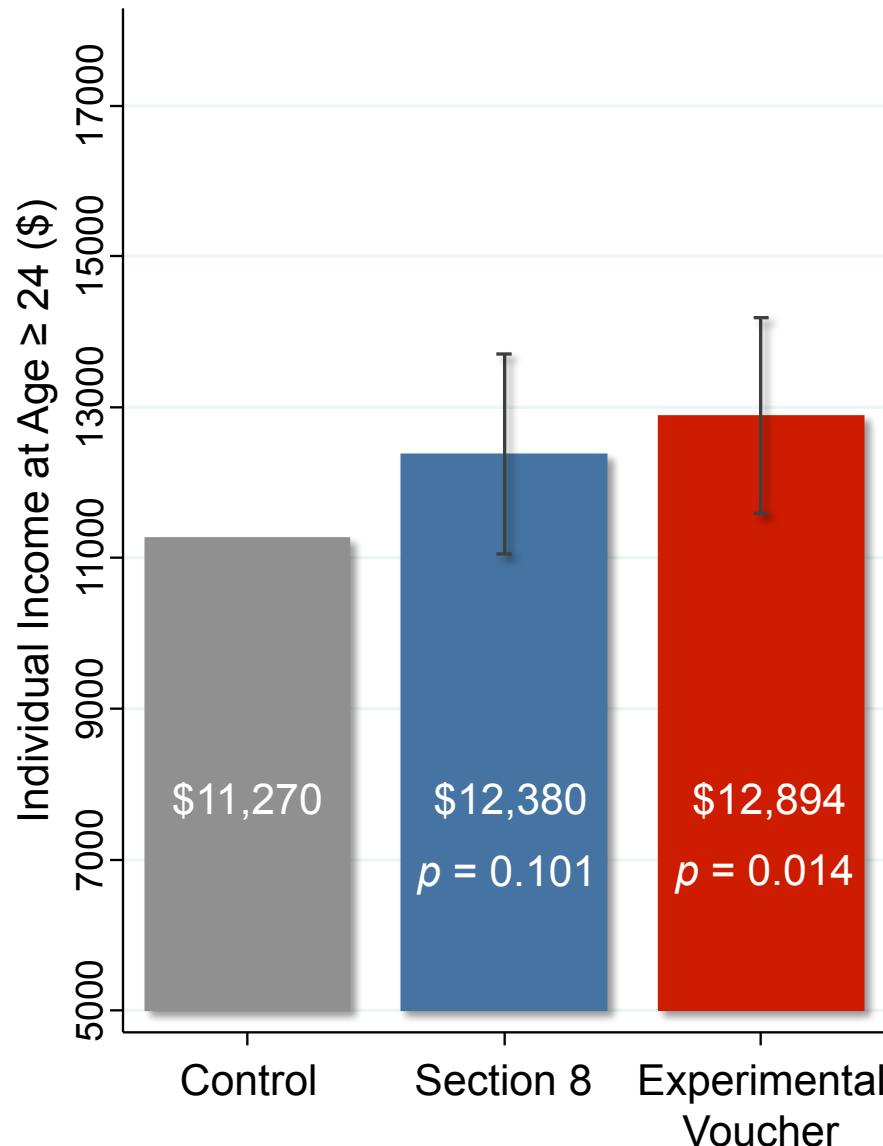


3. Moving to Opportunity Experiment

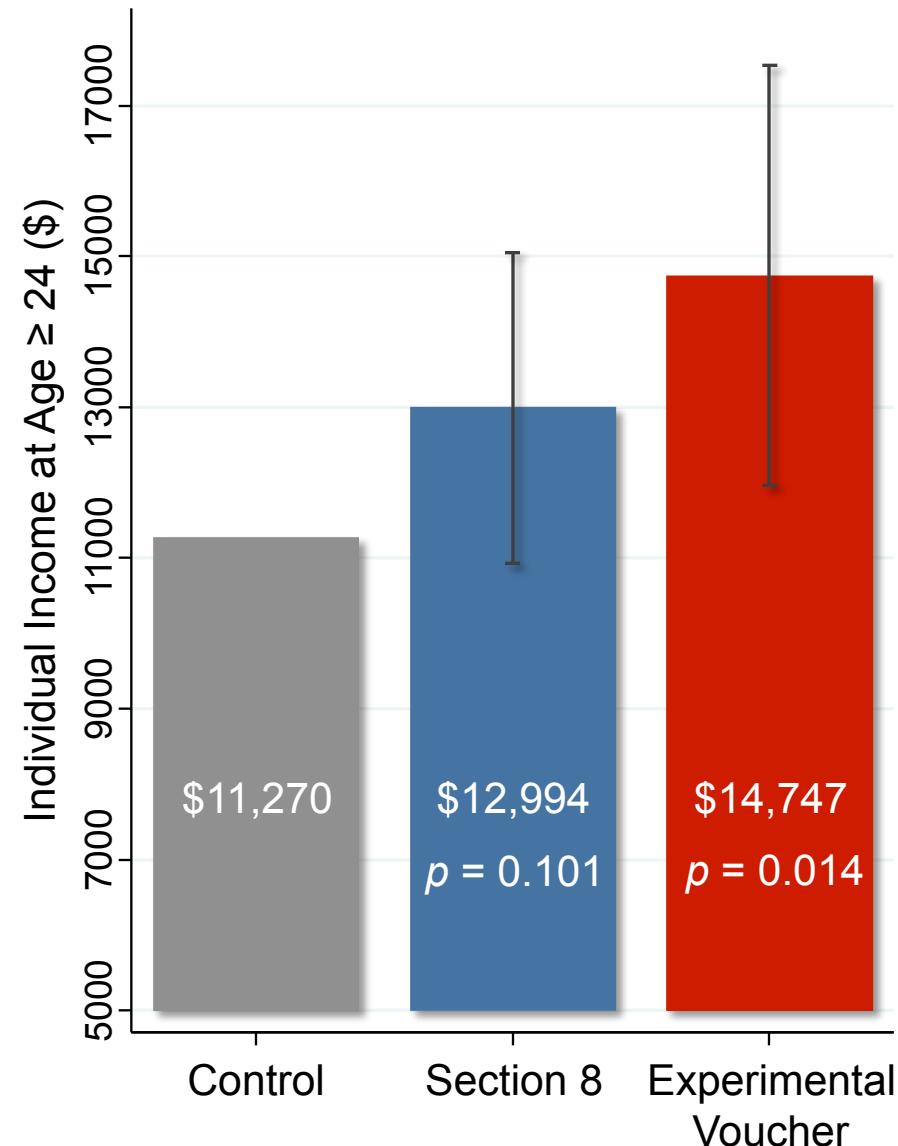
- MTO provided families living in high-poverty housing projects with vouchers to move to lower poverty neighborhoods
- Previous work has shown little impacts on economic outcomes for adults and children who were older when parents obtained vouchers.
- Young kids just now entering the labor market
 - Parents obtained vouchers in mid-1990s
- Revisit impacts by linking data from HUD to the tax data
 - No need to field another survey

Impacts of MTO on Children Below Age 13 at Random Assignment

(a) Individual Earnings (ITT)

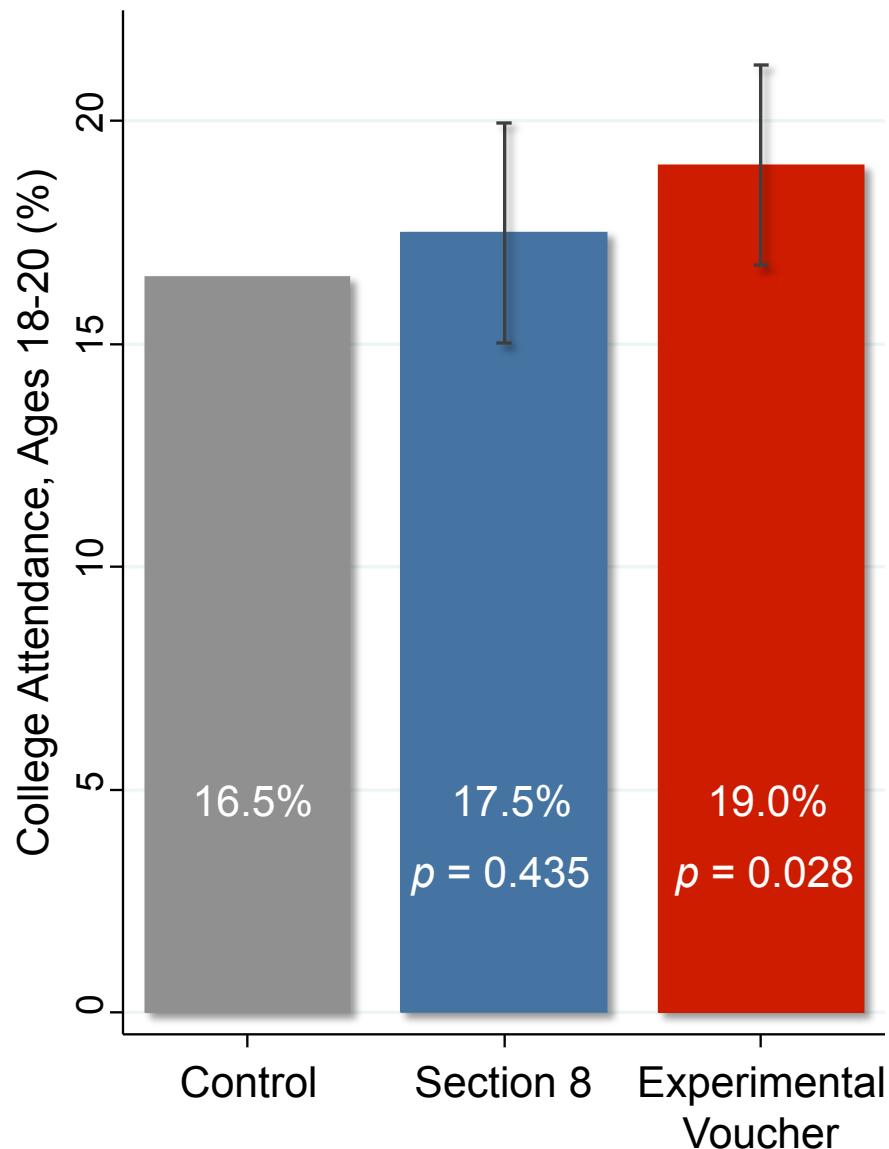


(b) Individual Earnings (TOT)

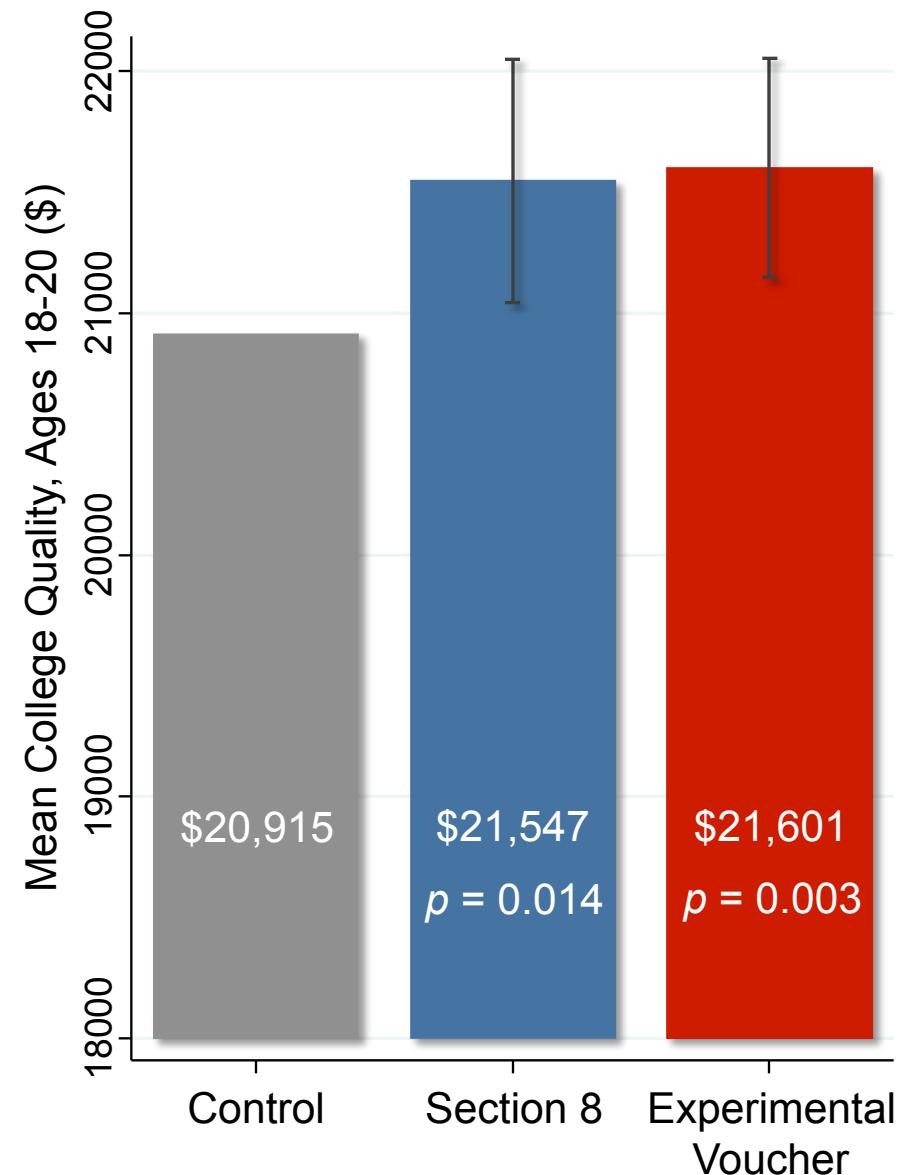


Impacts of MTO on Children Below Age 13 at Random Assignment

(a) College Attendance (ITT)

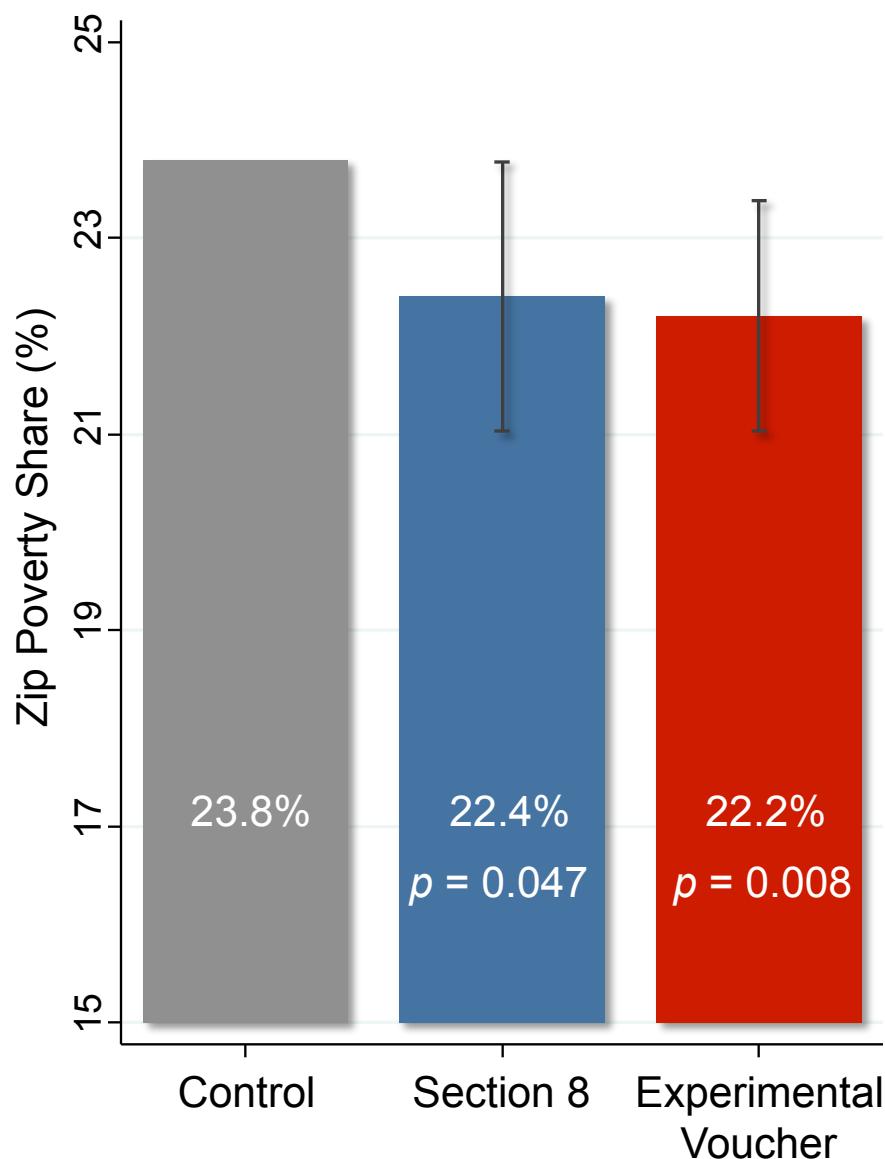


(b) College Quality (ITT)

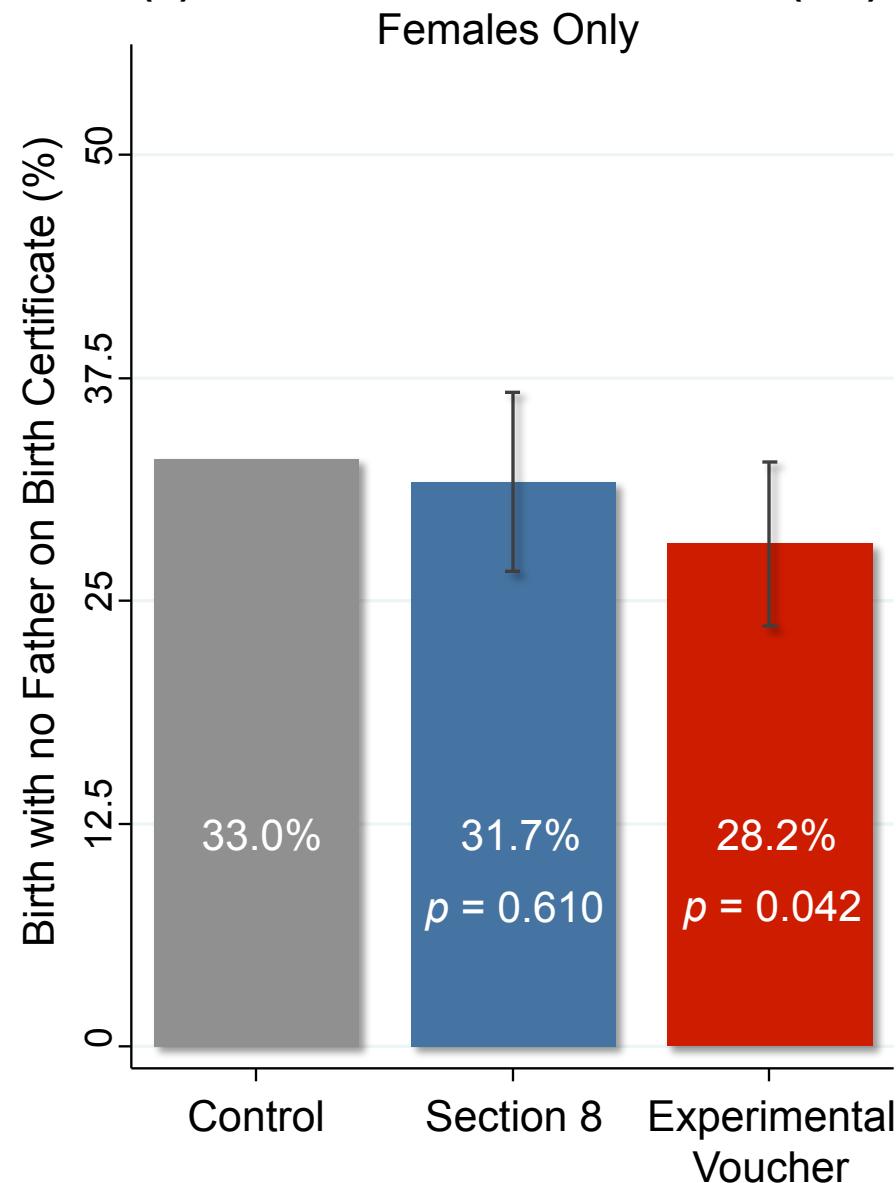


Impacts of MTO on Children Below Age 13 at Random Assignment

(a) ZIP Poverty Share in Adulthood (ITT)



(b) Birth with no Father Present (ITT)



Limitations of Our Data

- Minimal covariates (e.g. race)
 - Heterogeneous effects of neighborhoods by race?
- Time frame (1996+)
- Geographic location
 - Have zip code and street address available, but difficult to translate to census definitions (tract, block, etc.)
- Household Information (only married)
- Richness of income measures (e.g. food stamps)

Access to Intergenerational Panel

- Would be an enormous value to us and to the profession.
- Greater historical evidence on mobility would open up more quasi-experimental / difference-in-difference analysis on impact of place-based policy on children's long-run outcomes
 - E.g. Sharkey (2016) exploits COPS program in mid-1990s
 - Using our aggregate stats, shows expenditure on community police force (in Clinton's Crime Bill) increased upward mobility
 - Could look at individual-level impacts on incarceration/ heterogeneity/etc.

Some Thoughts on Barriers

- Legal constraints
 - Tax laws are not oriented towards producing research
 - In what ways would research using tax data be restricted?
- Privacy concerns
- Logistical constraints