Creating Equality of Opportunity
New Insights from Big Data

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The American Dream?

Chance that a child born to parents in the bottom fifth of the income distribution reaches the top fifth:
## The American Dream?

Chance that a child born to parents in the bottom fifth of the income distribution reaches the top fifth:

<table>
<thead>
<tr>
<th>Country</th>
<th>Source</th>
<th>Chance</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Chetty, Hendren, Kline, Saez 2014</td>
<td>7.5%</td>
</tr>
<tr>
<td>UK</td>
<td>Blanden and Machin 2008</td>
<td>9.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>Boserup, Kopczuk, and Kreiner 2013</td>
<td>11.7%</td>
</tr>
<tr>
<td>Canada</td>
<td>Corak and Heisz 1999</td>
<td>13.5%</td>
</tr>
<tr>
<td>Sweden</td>
<td>Heidrich 2017</td>
<td>15.7%</td>
</tr>
</tbody>
</table>
We use **big data** to study how to increase upward mobility

**Disaggregate** data to examine disparities across subgroups and identify policy solutions

Starting point: sharp **local** differences in rates of upward mobility
The Geography of Upward Mobility in the United States
Average Household Income at Age 35 for Children whose Parents Earned $27k (25th pctile)

- Seattle: $35.2k
- San Francisco Bay Area: $37.2k
- Los Angeles: $34.3k
- Salt Lake City: $37.2k
- Dubuque: $45.5k
- Cincinnati: $28.3k
- Cleveland: $29.4k
- Boston: $36.8k
- New York City: $35.4k
- Washington DC: $33.9k
- Charlotte: $26.3k

Note: Blue = More Upward Mobility, Red = Less Upward Mobility
Source: Chetty, Hendren, Kline, Saez (QJE 2014)
Upward Mobility vs. Job Growth in the 30 Largest Metro Areas

Average Income at Age 35 of Children who Grew up in Low-Income Families

Job Growth Rate (%) from 1990-2010

High mobility, low growth

San Jose, San Francisco, Minneapolis, Seattle, Sacramento, Washington, Portland, Houston, Denver, Riverside

High mobility, high growth

San Jose, San Francisco, Minneapolis, Seattle, Sacramento, Washington, Portland, Houston, Denver, Riverside

Low mobility, high growth

New York, Los Angeles, San Diego, Philadelphia, Pittsburgh, Cleveland, Cincinnati, Detroit, Baltimore, Kansas City, Sacramento, Charlotte

Low mobility, low growth

New York, Los Angeles, San Diego, Philadelphia, Pittsburgh, Cleveland, Cincinnati, Detroit, Baltimore, Kansas City, Sacramento, Charlotte
Income Gain from Moving to a Better Neighborhood
By Child’s Age at Move

Source: Chetty and Hendren (QJE 2018)
Income Gain from Moving to a Better Neighborhood
By Child’s Age at Move

Move at age 2 from Van Dyke to the Nehemiah Houses → average earnings of $25,000

Source: Chetty and Hendren (QJE 2018)
Income Gain from Moving to a Better Neighborhood
By Child’s Age at Move

Source: Chetty and Hendren (QJE 2018)
Income Gain from Moving to a Better Neighborhood
By Child’s Age at Move

Source: Chetty and Hendren (QJE 2018)
Childhood Exposure Effects Around the World

**MTO Experiment**
Baltimore, Boston, Chicago, LA, NYC

**Public Housing Demolitions**
Chicago

**Australia**

**Brazil**

**Canada**

**Africa**

**Exposure Effect, Average IM - Difference**

- **Age at Move**
  - **Evidence of age-varying exposure effects**
  - **Evidence of age-invariant selection effects**
  - **Coefficient on difference in predicted outcomes**
  - **Age of observation**

**Source:**
- Chetty, Hendren, Katz (AER 2016)
- Laliberté (AEJ Econ Policy 2021)
- Deutscher (AEJ Applied 2019)
- Britto, Fonseca, Pinotti, Sampaio, Warwar (2022)
- Chyn (AER 2018)
- Alesina, Hohmann, Michalopoulos, Papaioannou (Econometrica 2020)
Characteristics of High-Mobility Neighborhoods

- Lower Poverty Rates
- More stable family structure
- Better school quality
- Greater social capital
Economic Connectedness of Low-SES Individuals, by County
Share of Above-Median-SES Friends Among Below-Median-SES People in Facebook Data

Source: Chetty, Jackson, Kuchler, Stroebel et al. (Nature 2022a,b)
Upward Mobility vs. Economic Connectedness, by County
200 Largest Counties

Correlation = 0.65 (s.e. = 0.04)
Economic Connectedness vs. Household Median Income, by ZIP Code

Source: Chetty, Jackson, Kuchler, Stroebel et al. (Nature 2022a,b)
Economic Connectedness vs. Household Median Income, by ZIP Code
Colored by Rate of Upward Mobility

Source: Chetty, Jackson, Kuhler, Stroebel et al. (Nature 2022a,b)
Economic Connectedness vs. Household Median Income, by ZIP Code
Colored by Rate of Upward Mobility

Source: Chetty, Jackson, Kuchler, Stroebel et al. (Nature 2022a,b)
Determinants of Economic Connectedness

Exposure
Segregation by Income vs. Friending Bias
Interaction Conditional on Exposure

School A School B
High-SES Low-SES School A School B
High-SES Low-SES
Friending Bias in High Schools vs. School Size

![Graph showing the relationship between the number of students per cohort and the percentage of friendships among low-SES students. The graph indicates a trend where the percentage increases as the number of students increases, reaching a peak before starting to decrease.](image)
Three Policy Approaches to Increasing Upward Mobility

- **Reducing Segregation**
  - Help Low-Income Families Move to High-Opportunity Areas

- **Place-Based Investments**
  - Increase Upward Mobility in Low-Opportunity Areas

- **Improving Higher Education**
  - Amplify Impacts of Colleges on Mobility
Three Policy Approaches to Increasing Upward Mobility

Reducing Segregation
Help Low-Income Families Move to High-Opportunity Areas

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Improving Higher Education
Amplify Impacts of Colleges on Mobility
The Geography of Upward Mobility in Seattle
Average Income at Age 35 for Children with Parents Earning $27,000 (25th percentile)

Source: Chetty, Friedman, Hendren, Jones, Porter (2018)
Randomized trial to help families with housing vouchers move to high-opportunity neighborhoods by providing customized counseling, connections to landlords, and liquidity

Fraction of Families Who Leased Units in High-Opportunity Areas

Percent of Households Who Have Moved to High Opportunity Areas

Control: 14.3%
Treatment: 54.3%

Difference: **40.0 pp**
SE: (5.2)
H. R. 5793

IN THE SENATE OF THE UNITED STATES

JULY 11, 2018

Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To authorize the Secretary of Housing and Urban Development to carry out a housing choice voucher mobility demonstration to encourage families receiving such voucher assistance to move to lower-poverty areas and expand access to opportunity areas.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Housing Choice Voucher Mobility Demonstration Act of 2018”.

SEC. 2. HOUSING CHOICE VOUCHER MOBILITY DEMONSTRATION.

(a) Authority.—The Secretary of Housing and Urban Development (in this section referred to as the “Secretary”) may carry out a mobility demonstration program to enable public housing agencies to administer housing choice voucher assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) in a manner designed to encourage families receiving such voucher assistance to move to lower-poverty areas and expand access to opportunity areas.

(b) Selection Of PHAs.—

(1) REQUIREMENTS.—The Secretary shall establish requirements for public housing agencies to participate in the demonstration program under this section, which provide that the following public housing agencies may participate:
The *Family Stability and Opportunity Vouchers Act* puts a significant down payment on evidence-based housing mobility vouchers for the nation’s most vulnerable families with young children. The bill couples mobility vouchers with customized support services to help families escape the cycle of poverty and move to high opportunity areas.

Specifically the bill:

- Creates an **additional 500,000 housing vouchers** over five years for low-income, high-need families with young children. Pregnant women and families with a **child under age 6** would qualify for these new vouchers if they have a history of homelessness or housing instability, live in an area of concentrated poverty, or are at risk of being pushed out of an opportunity area.

- Provides voucher recipients with **access to counseling and case management services** that have a proven track record of helping families move out of poverty.

- The bill’s resources would enable housing agencies to **engage new landlords in the voucher program** and connect families with information about housing in high-opportunity neighborhoods, and community-based supports for families as they move.
Three Policy Approaches to Increasing Upward Mobility

Reducing Segregation
Help Low-Income Families Move to High-Opportunity Areas

Place-Based Investments
Increase Upward Mobility in Low-Opportunity Areas

Improving Higher Education
Amplify Impacts of Colleges on Mobility
Land of opportunity? Not by a long shot

Charlotte is nation’s worst big city for climbing out of poverty

Over the last several decades, Charlotte-Mecklenburg has transformed from a small southern town to one of the country’s largest and most dynamic communities. We continue to attract people—nearly 50 a day—who move here to take advantage of our strong business climate, favorable weather and geographic location, and our reputation as a great place to live and raise a family. Accolades from the outside regularly tell us how tall we stand among other communities. As recently as February 7, 2017, U.S. News and World Report ranked us as the 14th best place to live in the country.¹

Yet, in 2013 when the headline broke about the Harvard University/UC Berkeley study that ranked Charlotte-Mecklenburg 50th out of 50 in upward mobility for children born into our lowest income quintile, many in our community responded with disbelief. How, on the one hand, can we be such a vital and opportunity-rich community, and on the other, be ranked dead last in the odds that our lowest income children and youth will be able to move up the economic ladder as they become adults?
Impact of Year-Up Sectoral Job Training Program on Earnings

![Graph showing the impact of Year-Up Sectoral Job Training Program on earnings. The graph plots the average annual earnings ($) against the year relative to graduation from the Year-Up Program. The x-axis represents the year relative to graduation (from -5 to 5 years), and the y-axis represents average annual earnings ($). The graph includes two lines: one for the Experimental Treatment and another for the Experimental Control. The note at the bottom of the graph states: "Observational Sample matched on race, gender, age, and Census tract." Source: Chetty, Noray, Katz, et al. (in progress).]
Impact of Year-Up Sectoral Job Training Program on Earnings

Note: Observational Sample matched on race, gender, age, and Census tract

Source: Chetty, Noray, Katz, et al. (in progress); see also Chetty, Athey, Imbens (2022); Andrews, Chetty, Sanders, van Dijk (in progress)
Three Policy Approaches to Increasing Upward Mobility

- Reducing Segregation: Help Low-Income Families Move to High-Opportunity Areas
- Place-Based Investments: Increase Upward Mobility in Low-Opportunity Areas
- Improving Higher Education: Amplify Impacts of Colleges on Mobility
Upward Mobility vs. Low-Income Access by College

Source: Chetty, Friedman, Saez, Turner, Yagan (QJE 2020)
The Geography of Economic Opportunity Around the World

**Sweden**
- Annual Individual Income at Age 32-34 (2010)
  - > 255,000 SEK
  - < 235,000 SEK

**Spain**
- Median Income at Age 31 for Children from Low-Income Households
  - > 23.692 EUR
  - < 13.001 EUR

**Africa**
- Upward Mobility
  - 0.00 - 0.06 (lowest)
  - 0.06 - 0.12
  - 0.12 - 0.18
  - 0.18 - 0.28
  - 0.28 - 0.38
  - 0.38 - 0.50
  - 0.50 - 0.60
  - 0.60 - 0.70
  - 0.70 - 0.78
  - 0.78 - 1.00 (highest)

**India**
- Upward Mobility
  - 27.0

Sources:
- Heidrich 2017
- Atlas de Oportunidades 2020
- Alesina, Hohmann, Michalopoulos, Papaioannou 2021
- Asher, Novosad, and Rafkin 2020
From Jasmine, 7 years old, whose family moved to a high-opportunity area in Seattle in the Creating Moves to Opportunity study.

Research studies and summaries
www.opportunityinsights.org

Explore your community’s data
Opportunity Atlas: www.opportunityatlas.org
College Mobility: www.nytimes.com/interactive/projects/college-mobility/

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