



Income Inequality and Social Mobility: How Can Big Data Help?

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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:



USA

Chetty, Hendren, Kline, Saez 2014

7.5%



UK

Blanden and Machin 2008

9.0%



Denmark

Boserup, Kopczuk, and Kreiner 2013

11.7%



Canada

Corak and Heisz 1999

13.5%

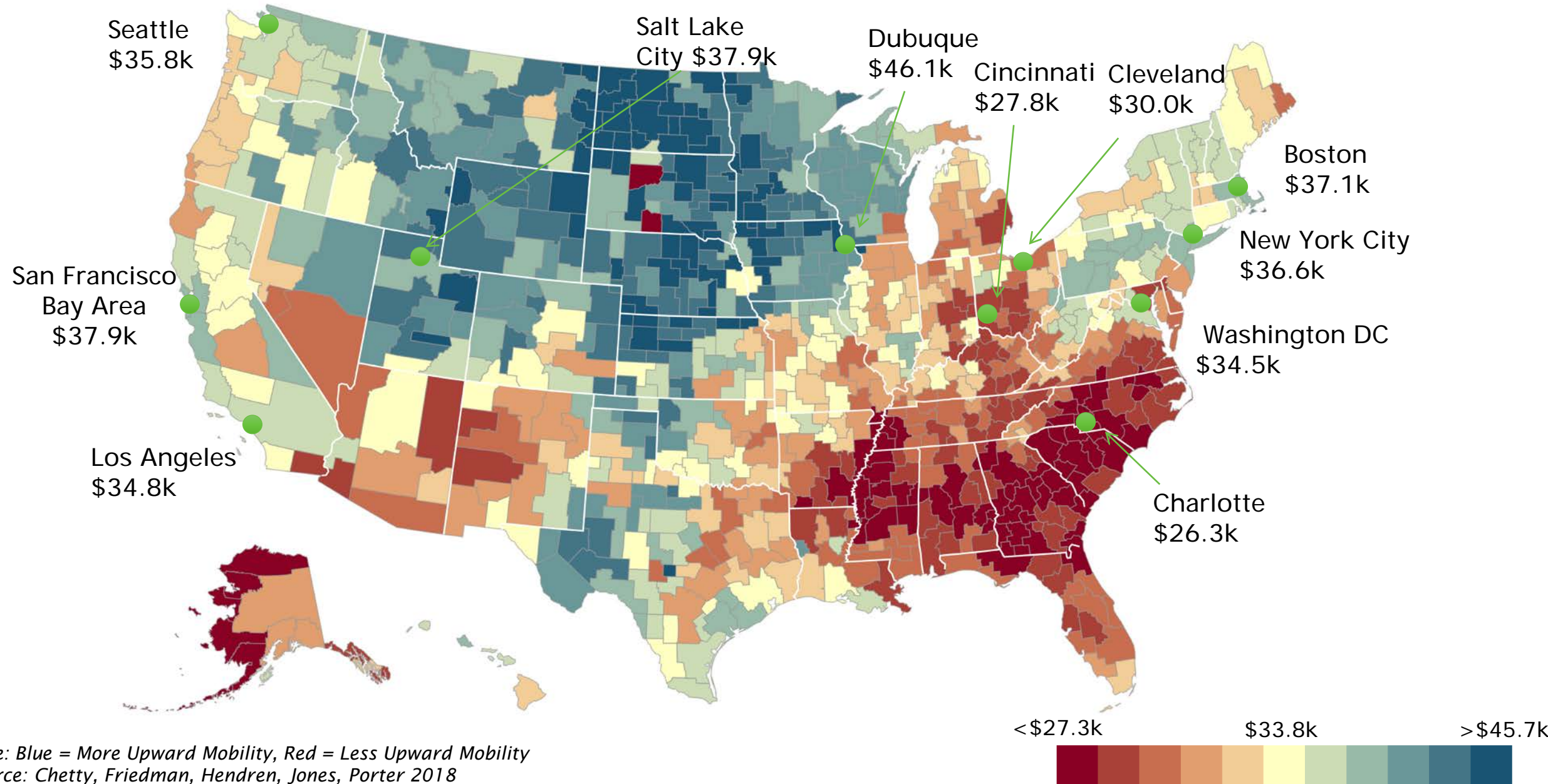
Chances of achieving the “American Dream” are almost **two times higher in Canada** than in the U.S.

How Can We Increase Upward Mobility?

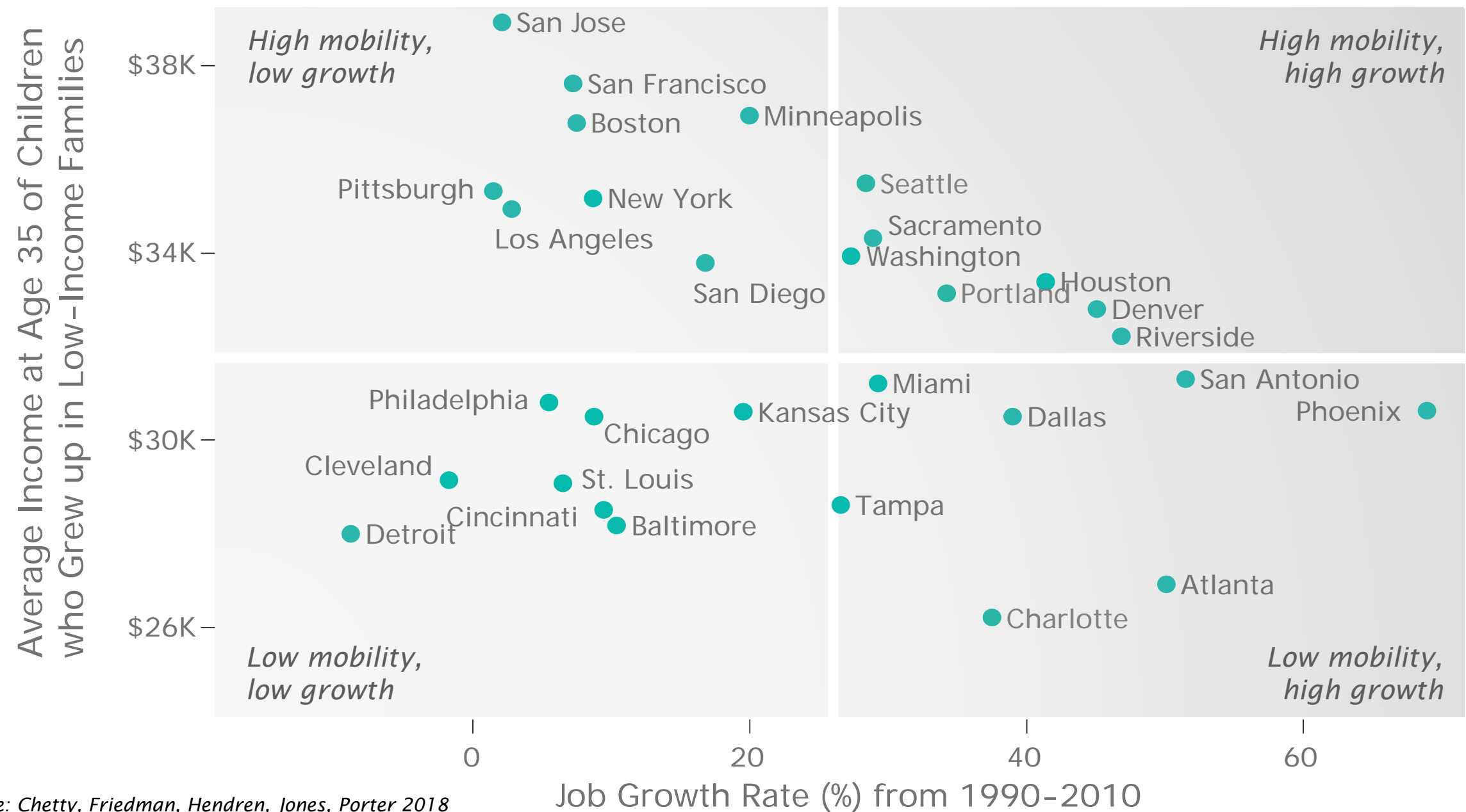
- Empirical evidence on the determinants of economic mobility across generations has been limited because of a lack of longitudinal data
 - The LEHD was a pioneer in creating broad-based longitudinal data to follow individuals over time and answer these questions
- Today, discuss findings and policy implications of recent research on economic mobility using longitudinal administrative data (based on work with Raj Chetty, Nathan Hendren, Maggie Jones, Sonya Porter, and many others)
 - Trace the roots of outcomes such as poverty and incarceration back to the environment in which people **grew up** and **attended school**

The Geography of Upward Mobility in the United States

Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)



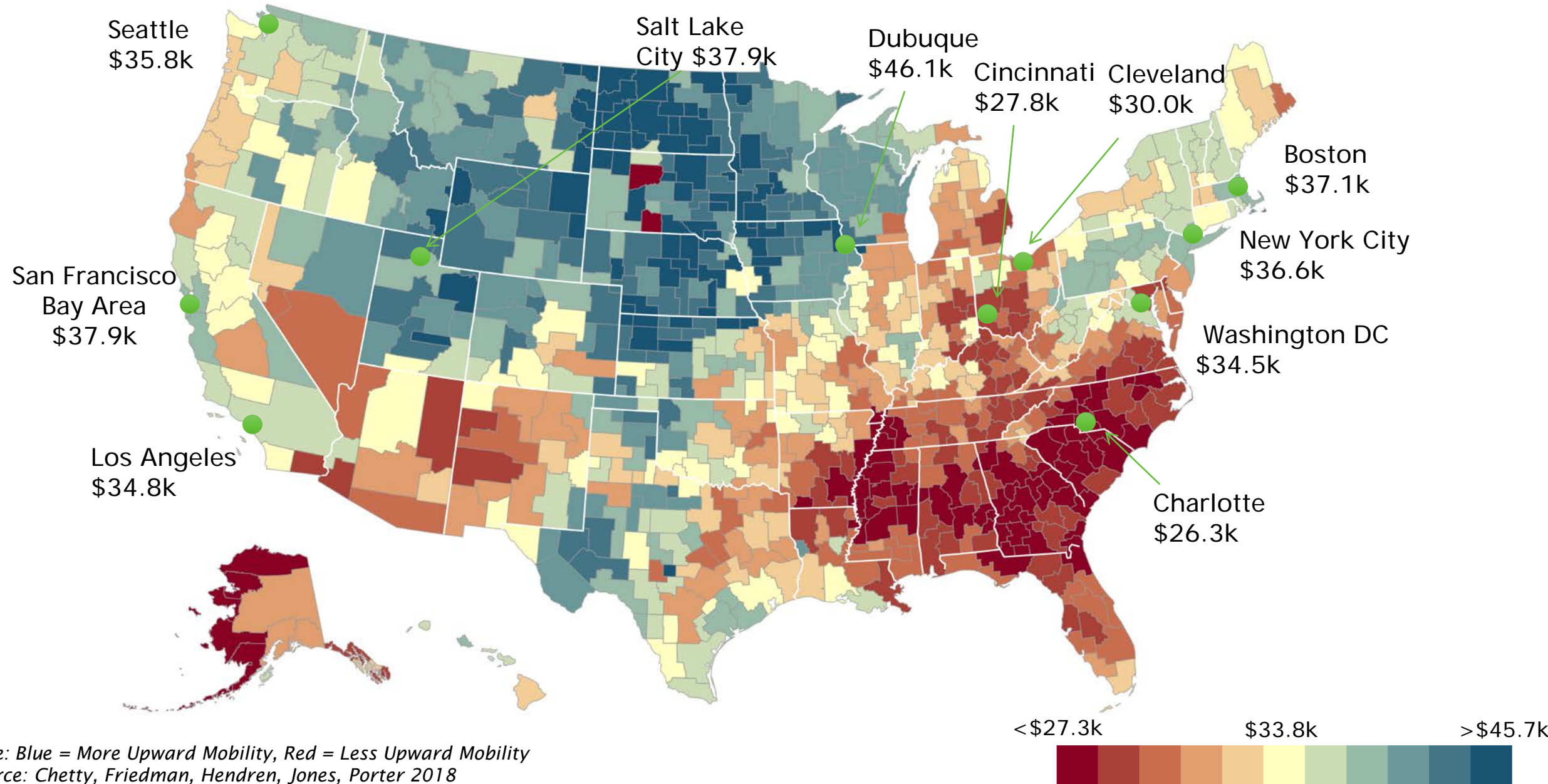
Upward Mobility vs. Job Growth in the 30 Largest Metro Areas



Source: Chetty, Friedman, Hendren, Jones, Porter 2018

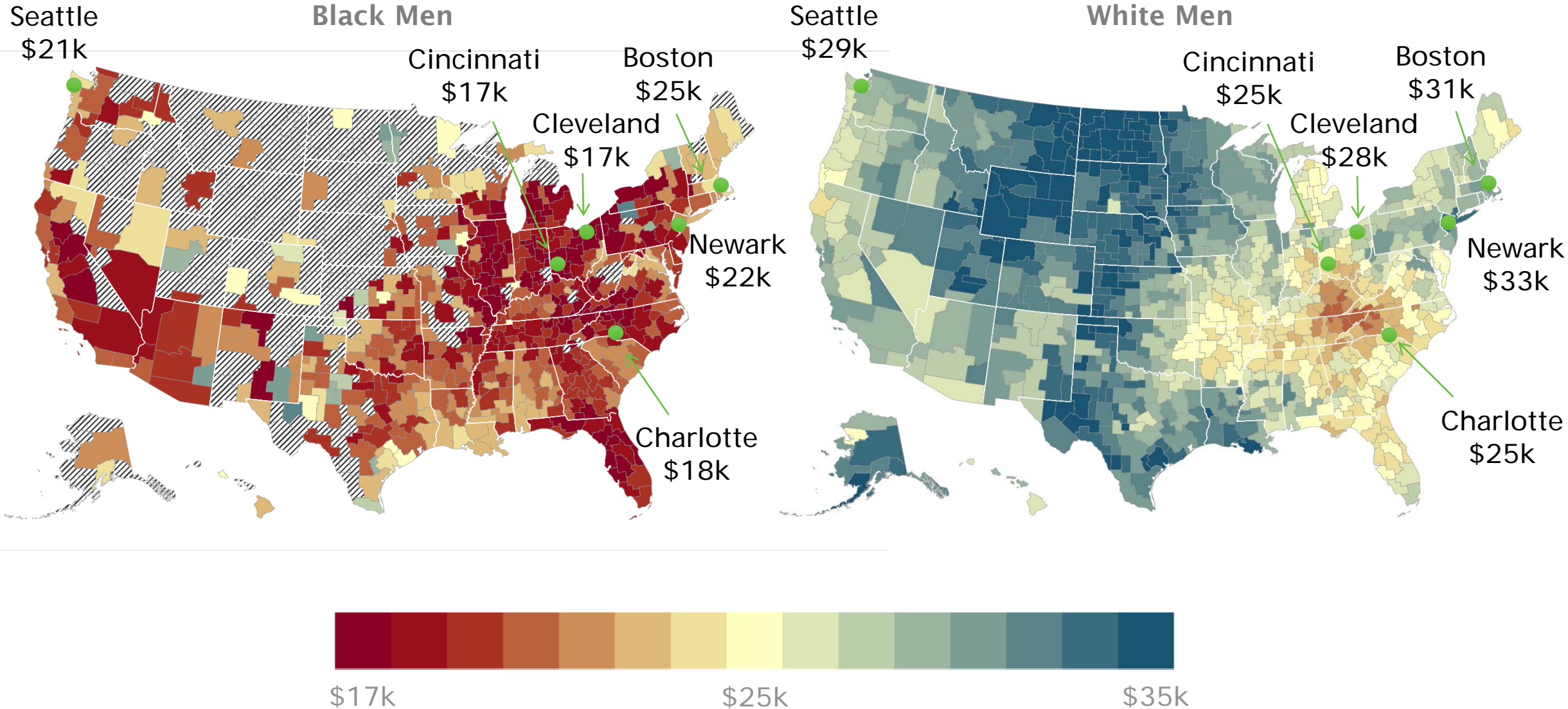
The Geography of Upward Mobility in the United States

Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)



Two Americas: The Geography of Upward Mobility For Black vs. White Men

Average Income at Age 35 For Men Whose Parents Earned \$27,000 (25th percentile)



\$17k

\$25k

\$35k

Note: Blue = More Upward Mobility, Red = Less Upward Mobility
Source: Chetty, Hendren, Jones, Porter 2018

The Geography of Upward Mobility For Black vs. White Women

Average Income at Age 35 For Women Whose Parents Earned \$27,000 (25th percentile)

Seattle
\$22k

Black Women

Cincinnati
\$21k

Boston
\$27k

Cleveland
\$21k

Newark
\$25k

Charlotte
\$21k

Seattle
\$21k

White Women

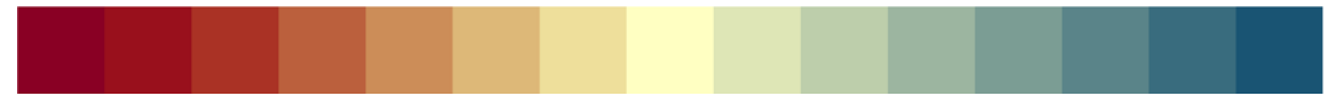
Cincinnati
\$19k

Boston
\$26k

Cleveland
\$21k

Newark
\$28k

Charlotte
\$19k



\$16k

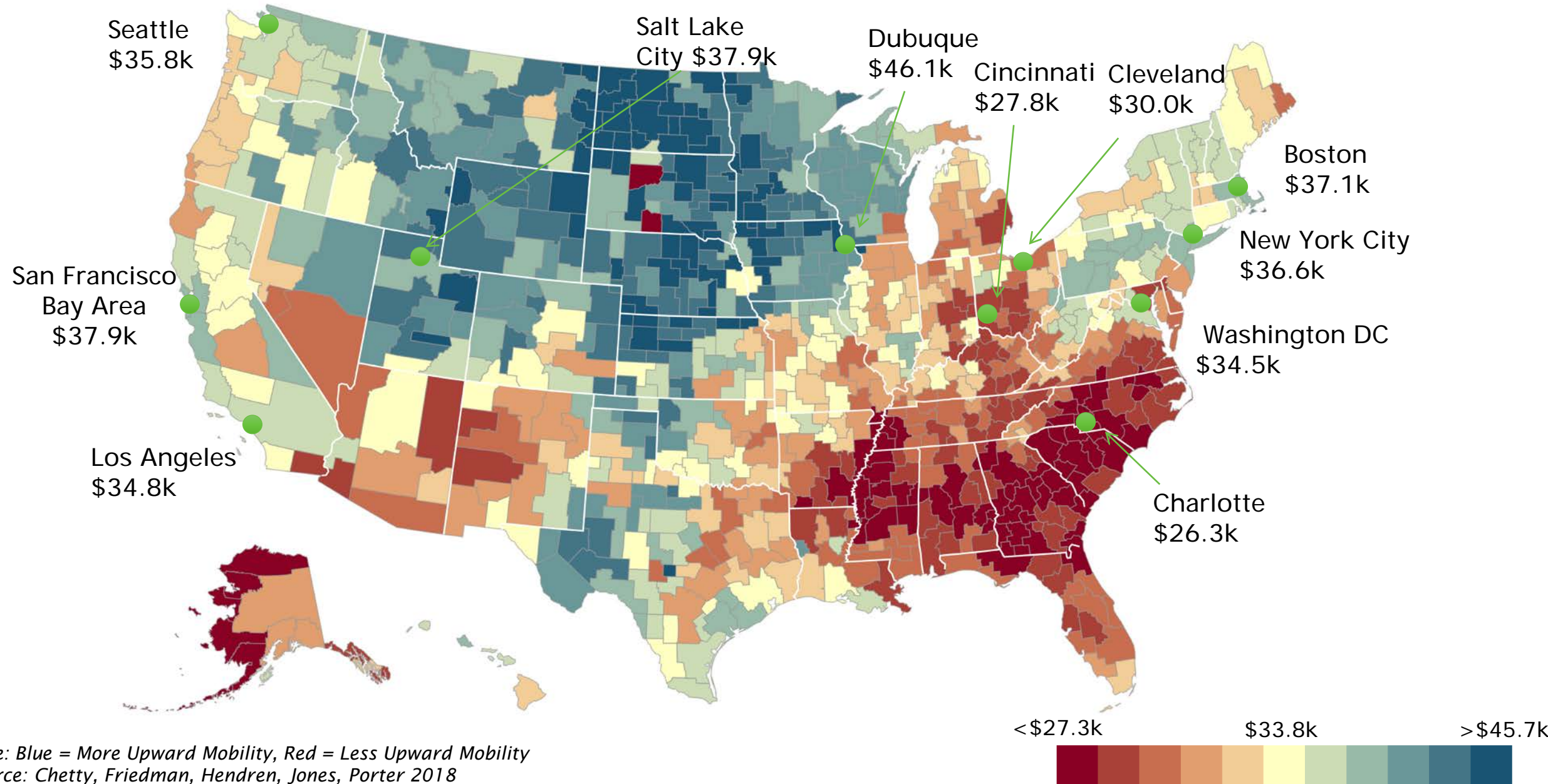
\$20k

\$26k

Note: Blue = More Upward Mobility, Red = Less Upward Mobility
Source: Chetty, Hendren, Jones, Porter 2018

The Geography of Upward Mobility in the United States

Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)





The Opportunity Atlas

Which neighborhoods in America offer children the best chance to rise out of poverty?

The Opportunity Atlas answers this question using anonymous data following 20 million Americans from childhood to their mid-30s.

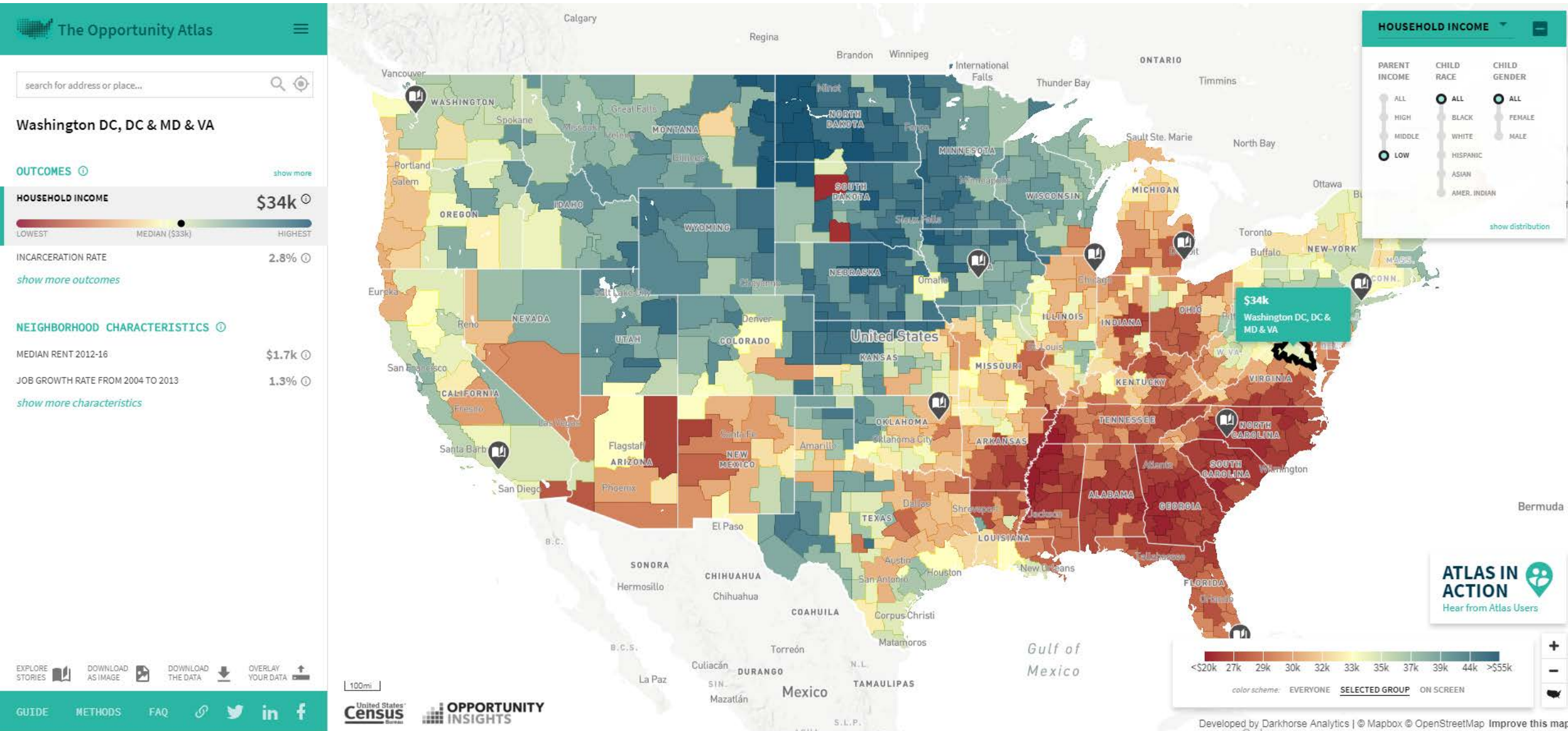
Now you can trace the roots of today's affluence and poverty back to the neighborhoods where people **grew up.**

See where and for whom opportunity has been missing, and develop local solutions to help more children rise out of poverty.

BEGIN EXPLORING

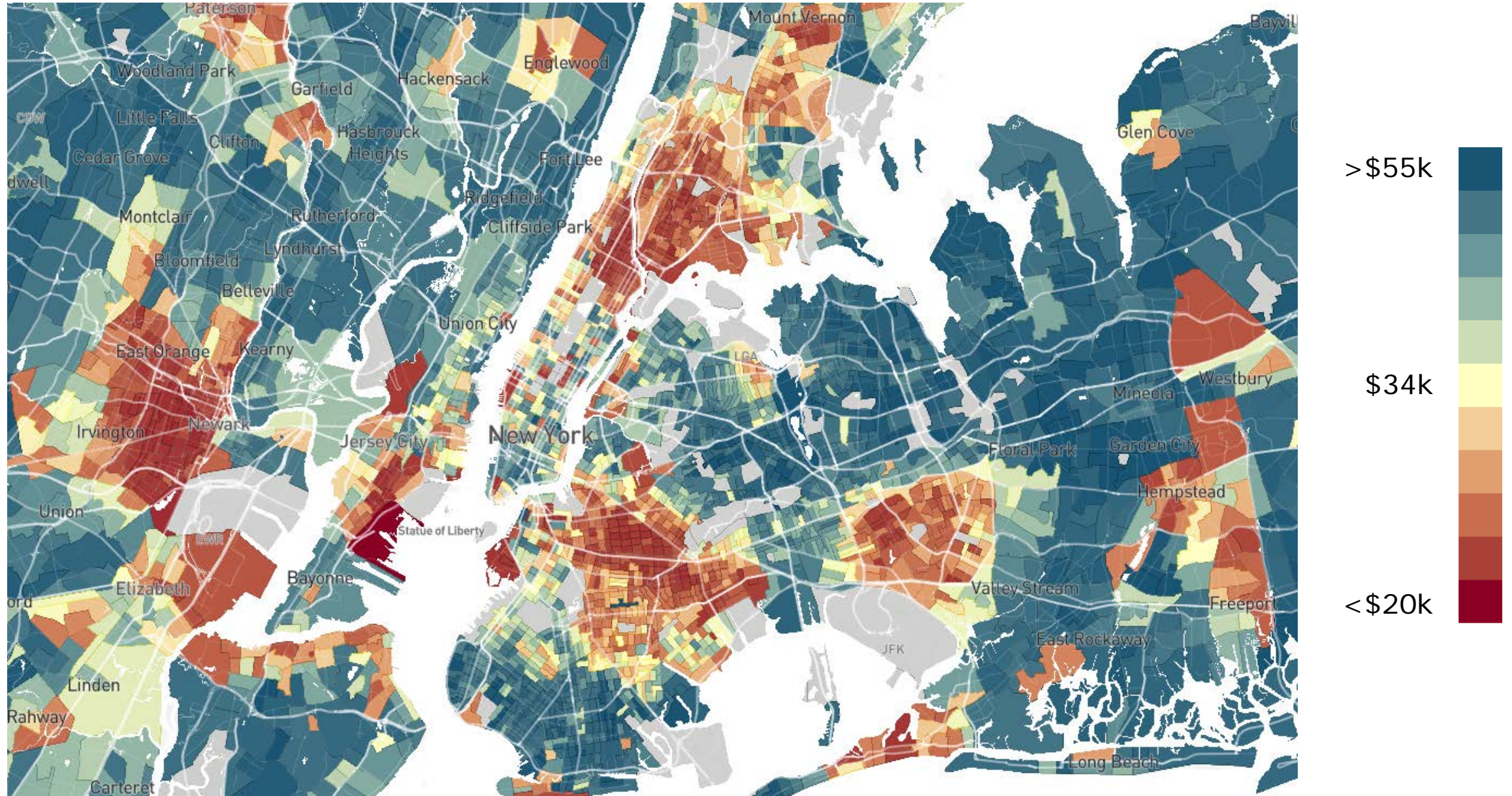
The Opportunity Atlas

Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)



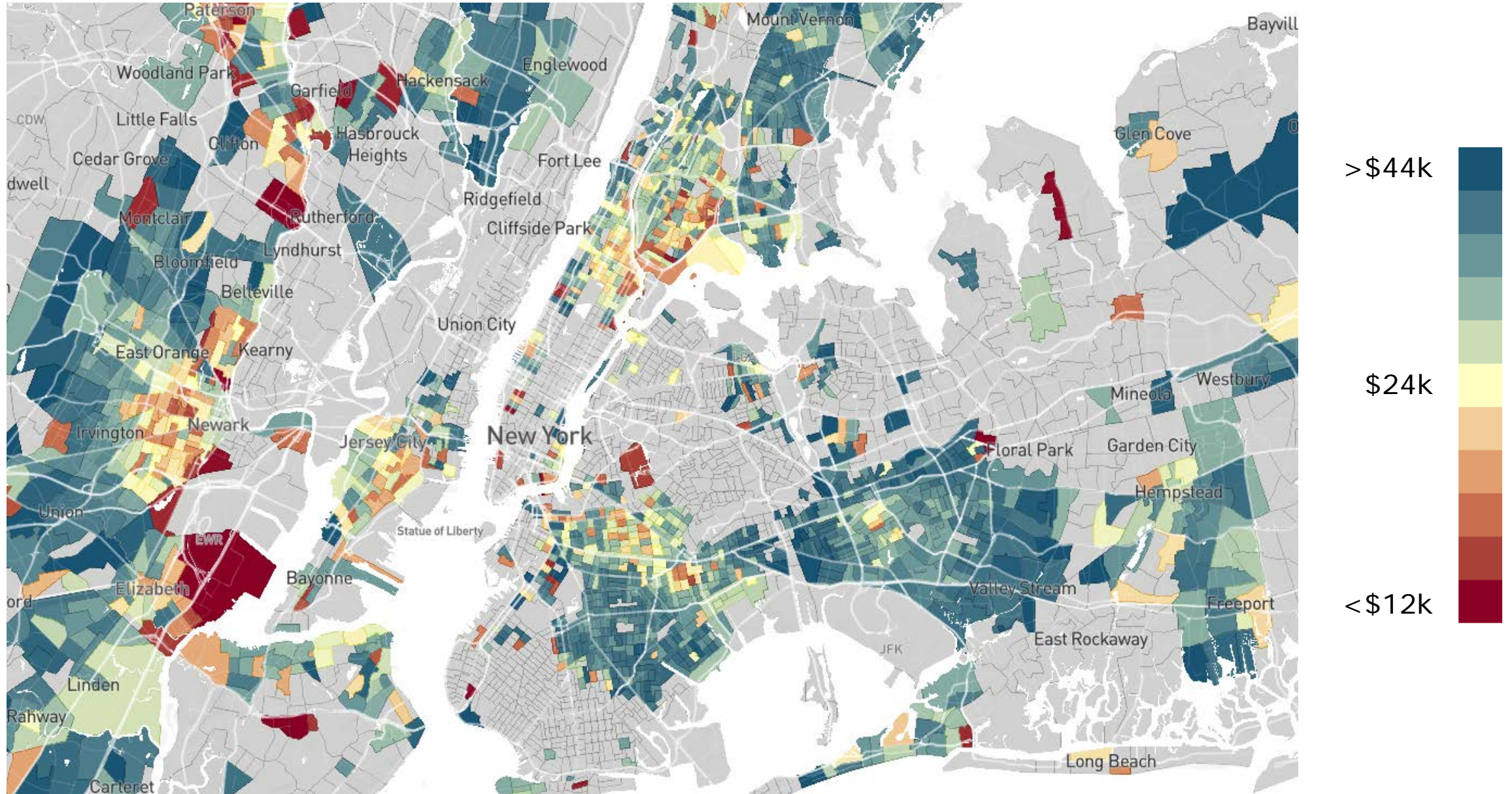
The Geography of Upward Mobility in New York

Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)



The Geography of Upward Mobility in New York

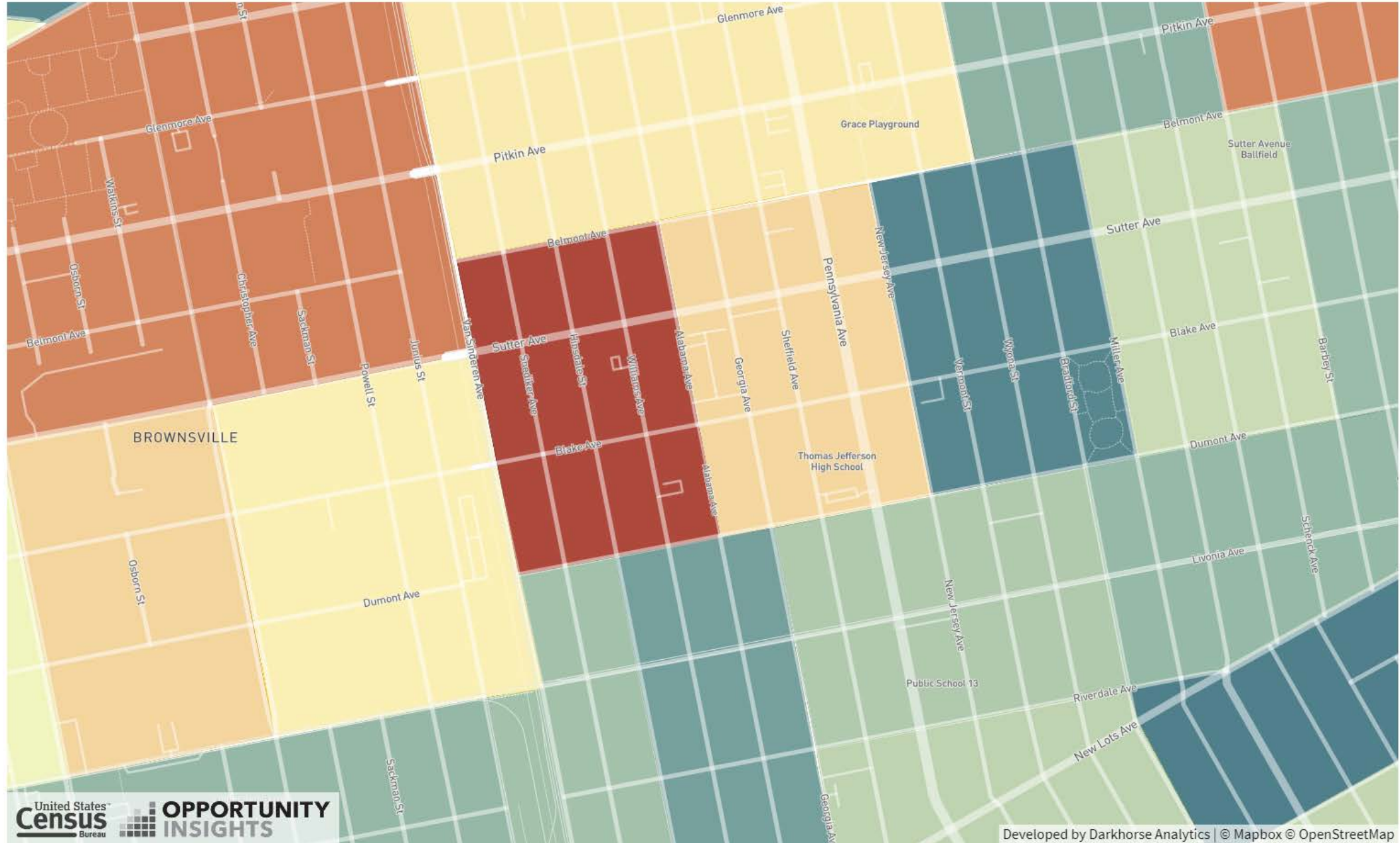
Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)





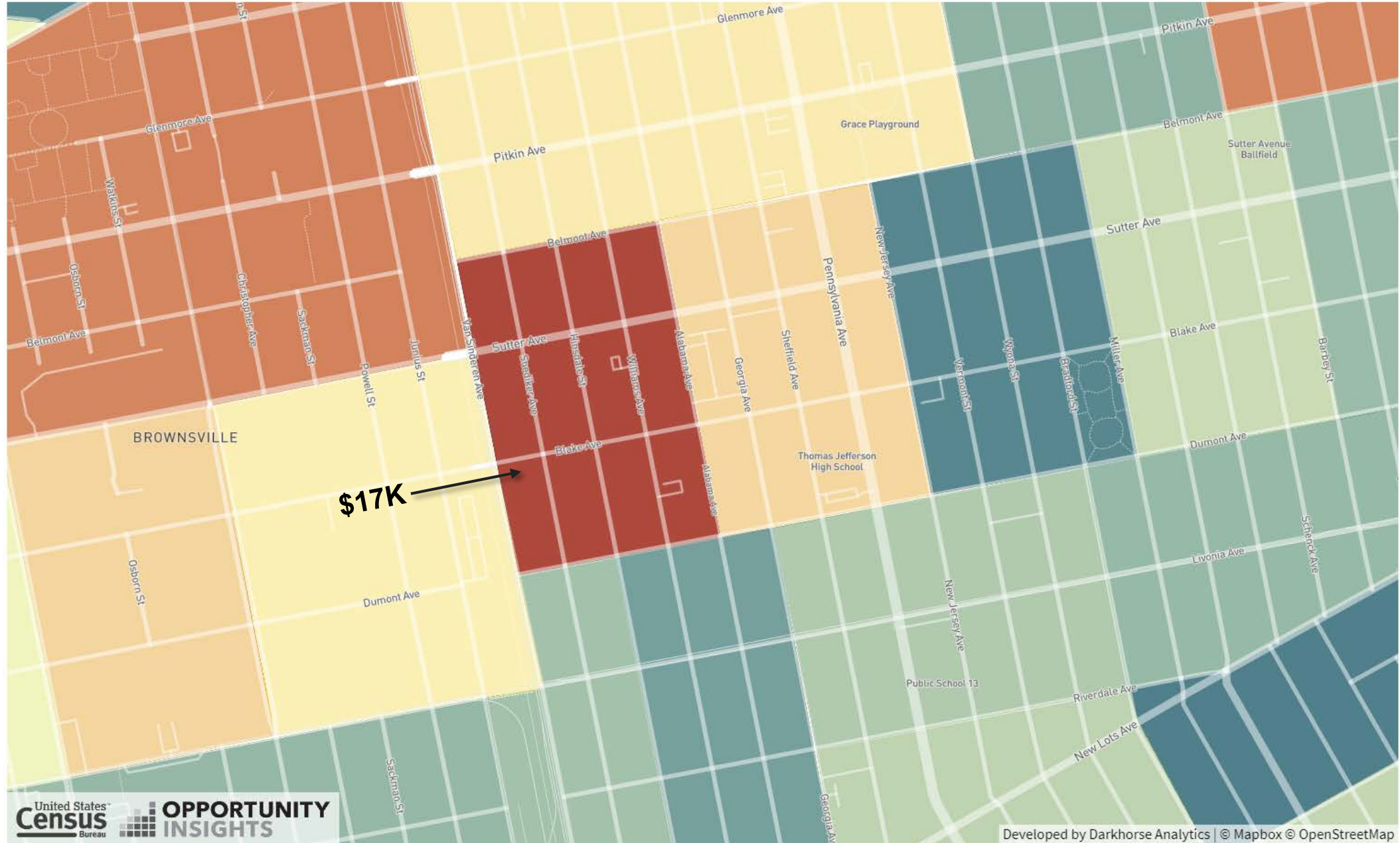
Household Income for Black Children of Low Income Parents

<\$10k 18k 20k 21k 22k 24k 25k 27k 29k 33k >\$45k



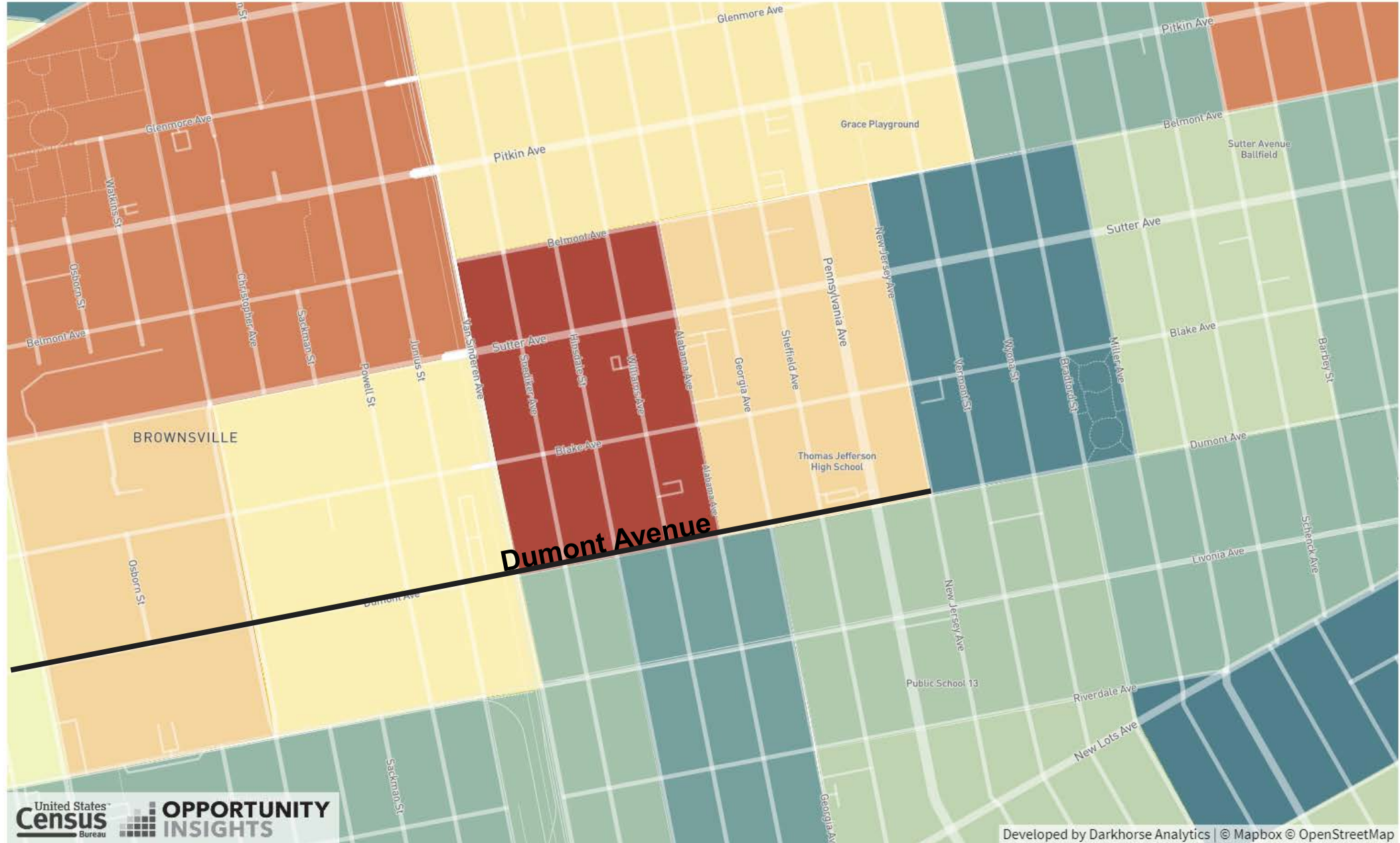
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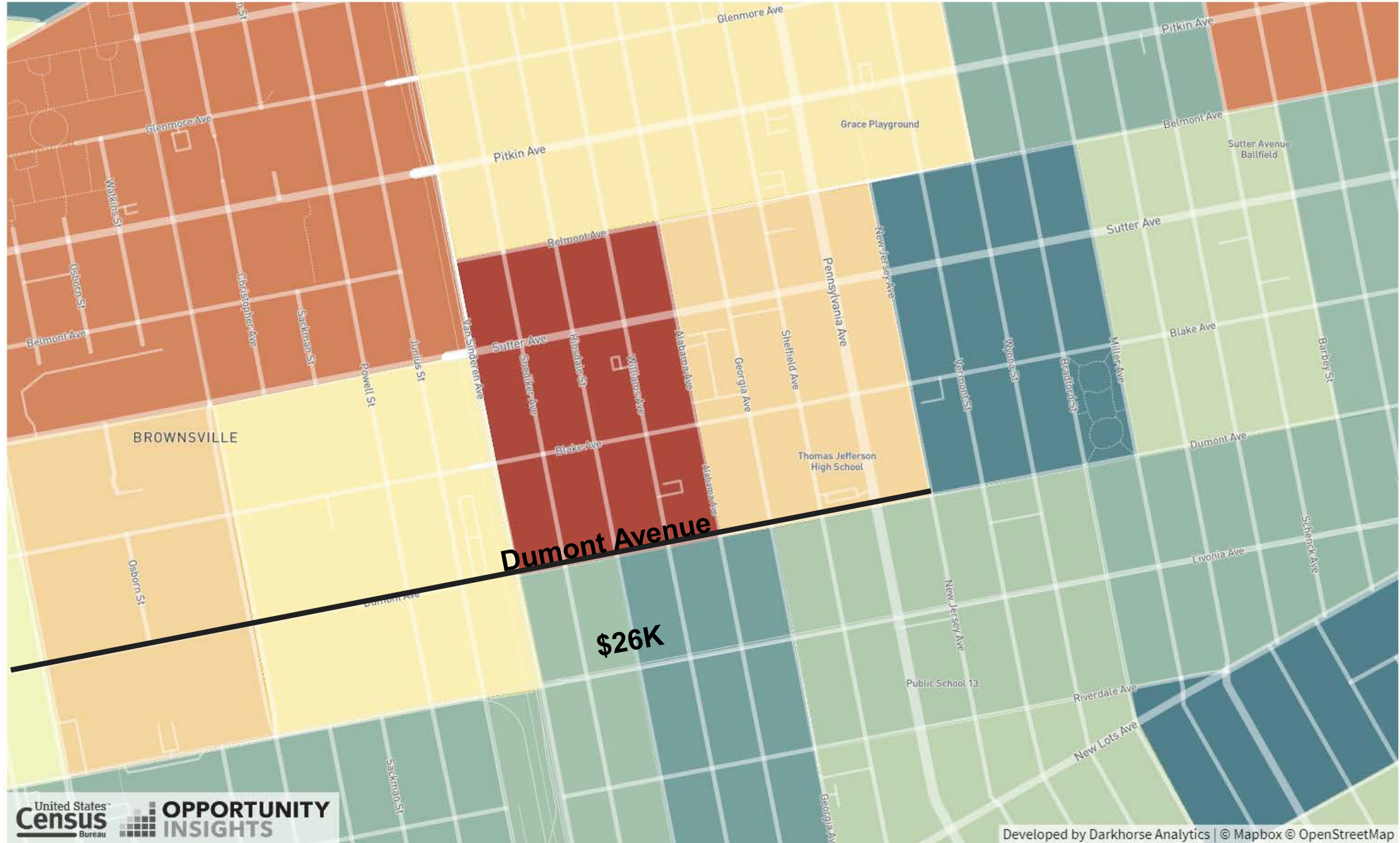
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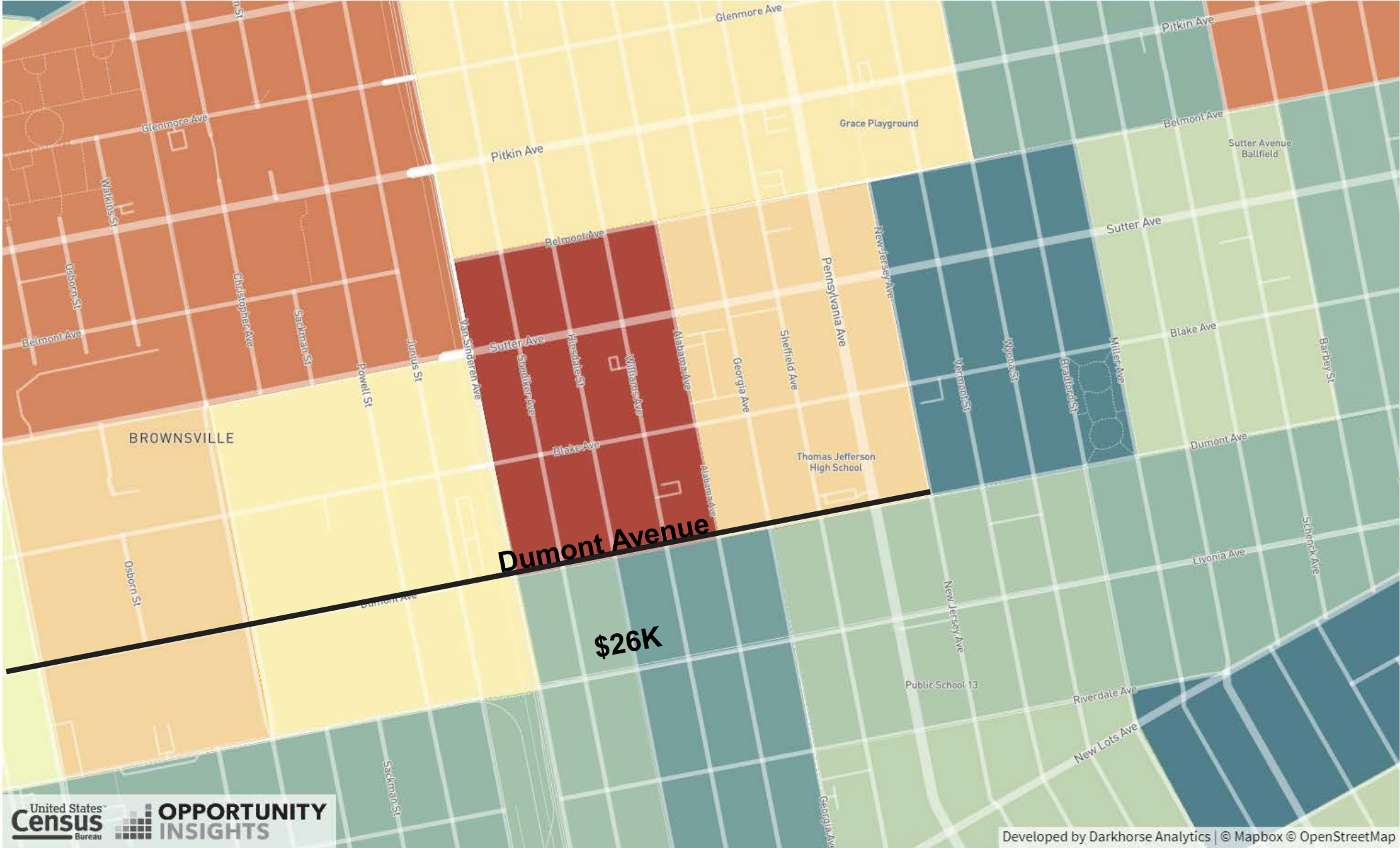
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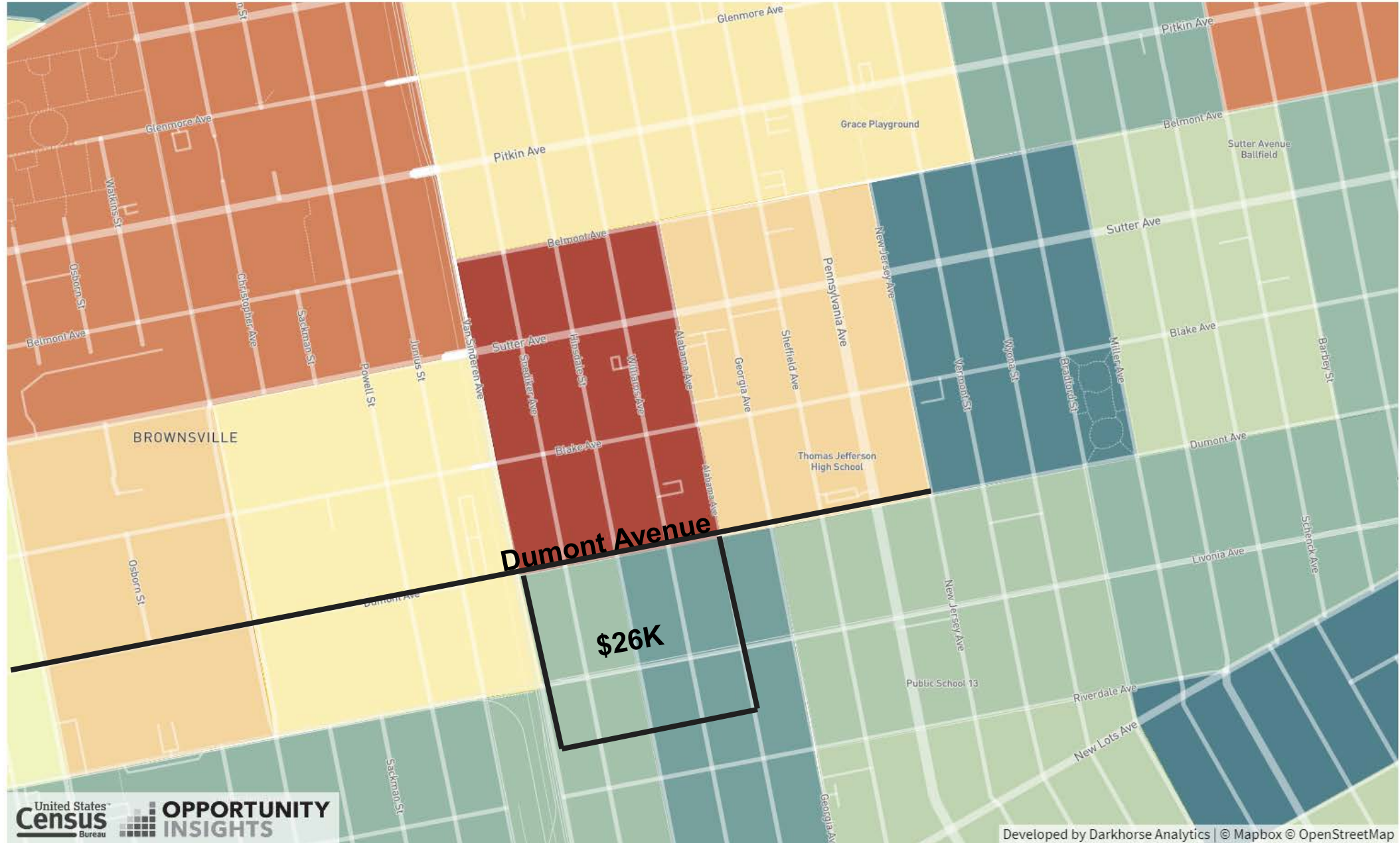


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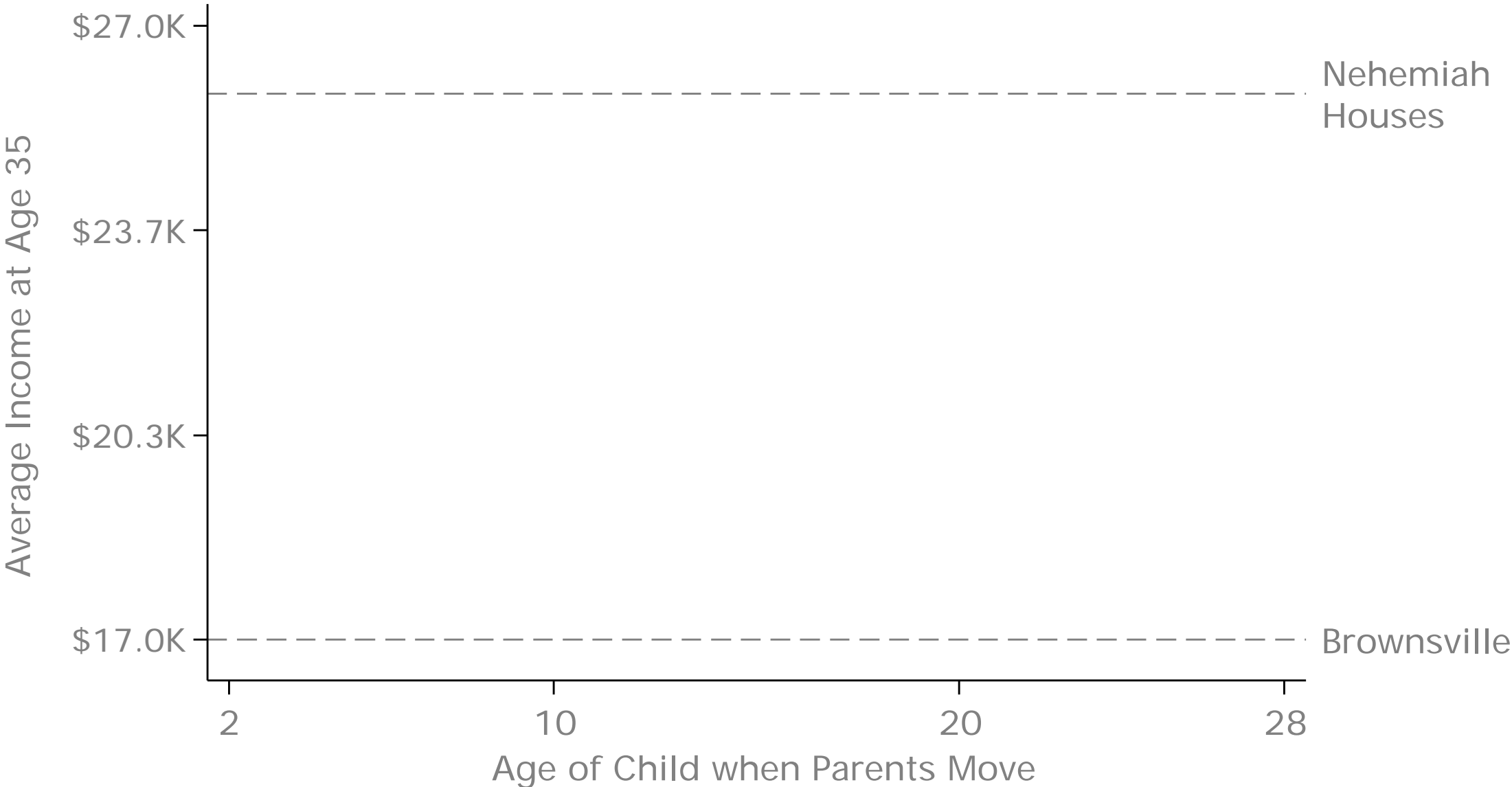






Income Gain from Moving to a Better Neighborhood

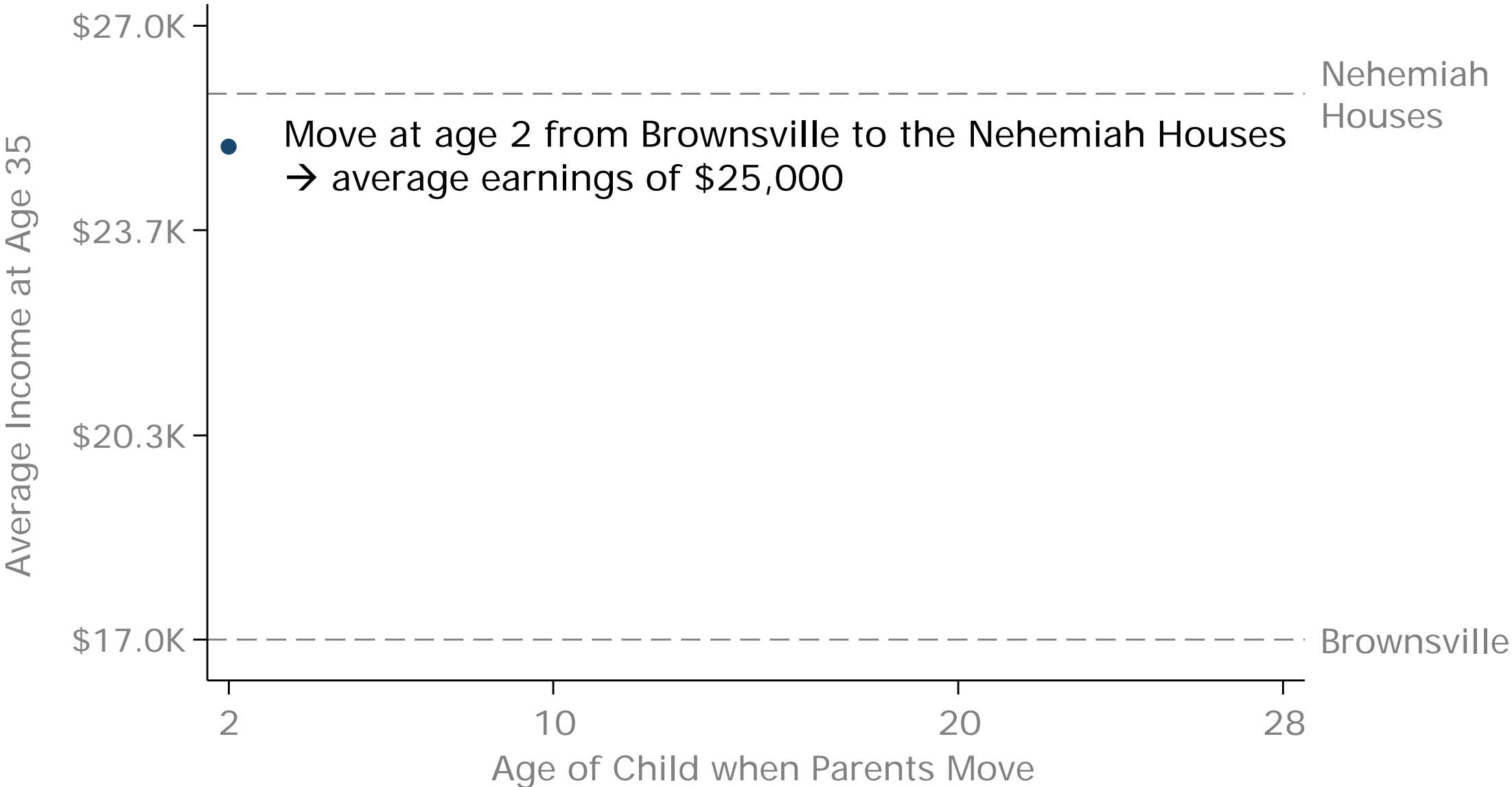
By Child's Age at Move



Source: Chetty, Friedman, Hendren, Jones, Porter 2018

Income Gain from Moving to a Better Neighborhood

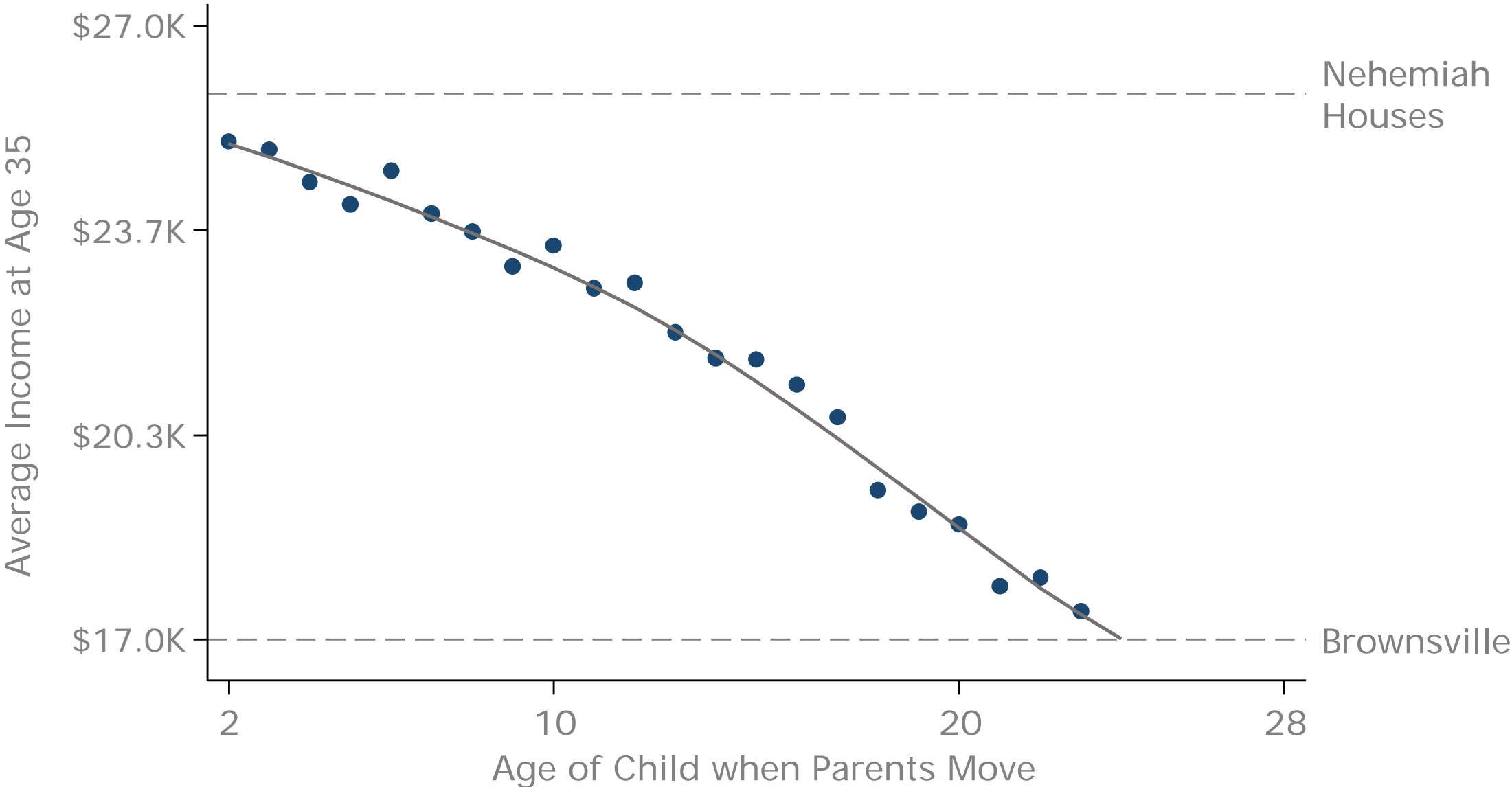
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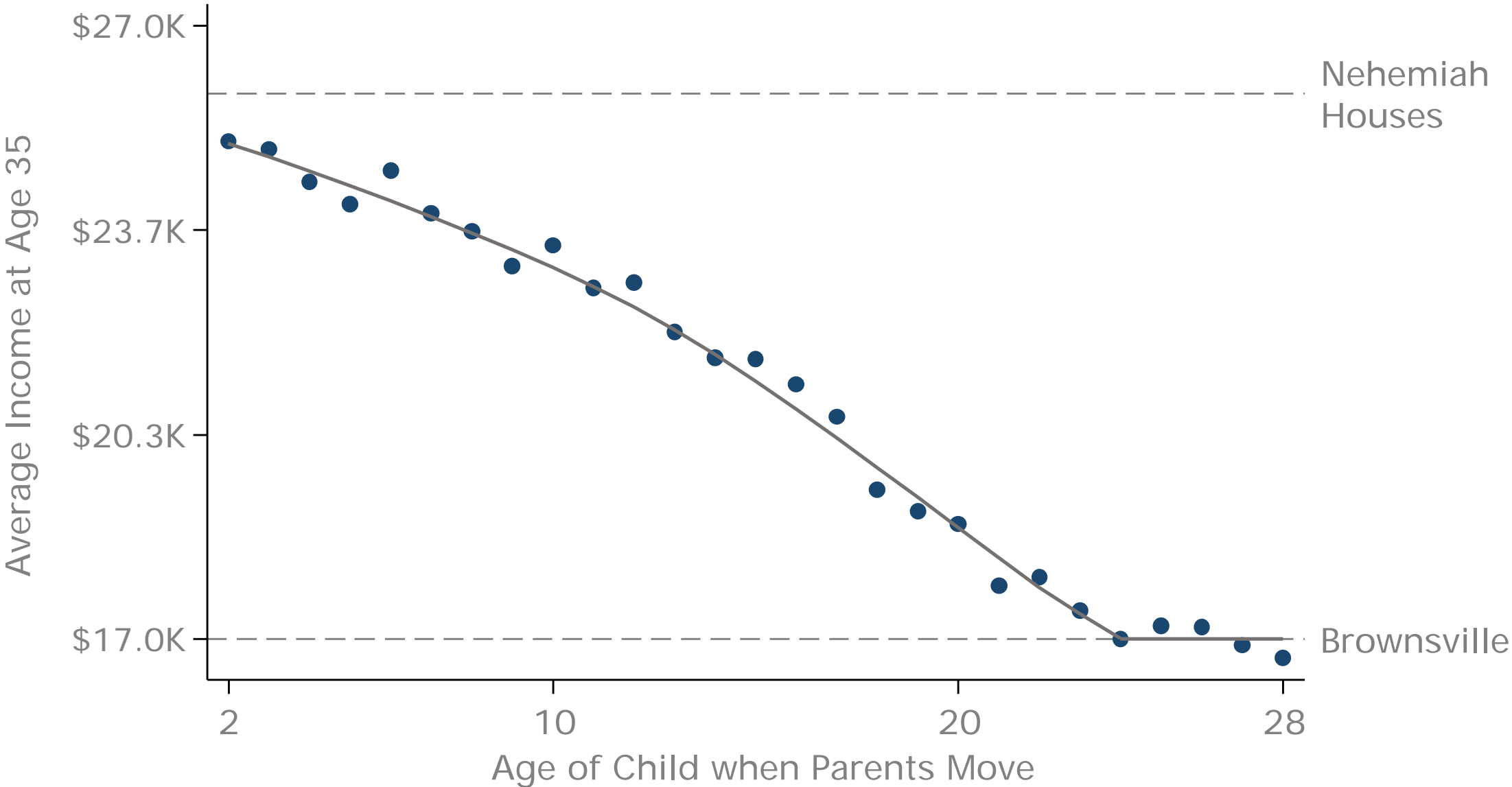
By Child's Age at Move



Source: Chetty, Friedman, Hendren, Jones, Porter 2018

Income Gain from Moving to a Better Neighborhood

By Child's Age at Move



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Three Approaches to Increasing Upward Mobility

Reducing
Segregation



Help Low-Income
Families Move to
High-Opportunity Areas

- Three Types of Support for Housing Voucher Recipients:
 1. Provide information and housing search assistance to tenants
 2. Recruit landlords
 3. Offer small grants for relocation expenses

- Large Effects on Neighborhood Choice
 - 65% of voucher holders lease up in high-opportunity areas
 - Happier with neighborhoods, more likely to stay long term

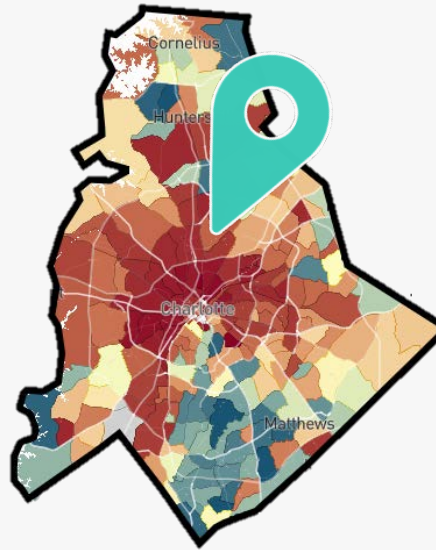
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Reducing Segregation



Help Low-Income Families Move to High-Opportunity Areas

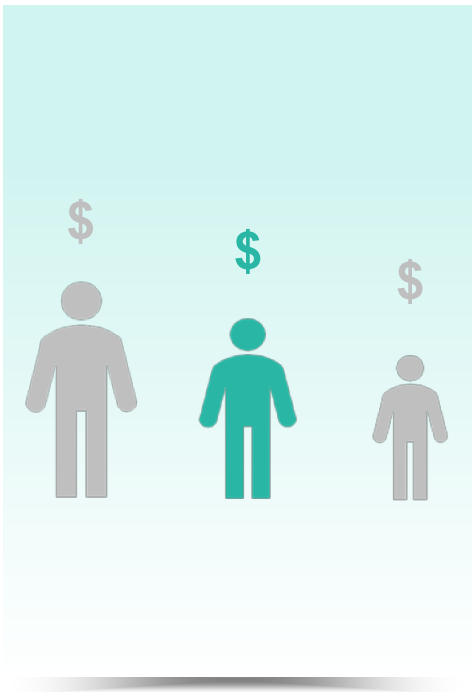
Place- Based Investments



Increase Upward Mobility in Low-Opportunity Areas

Characteristics of High- Mobility Neighborhoods

Lower Poverty Rates



More stable family structure



Greater social capital

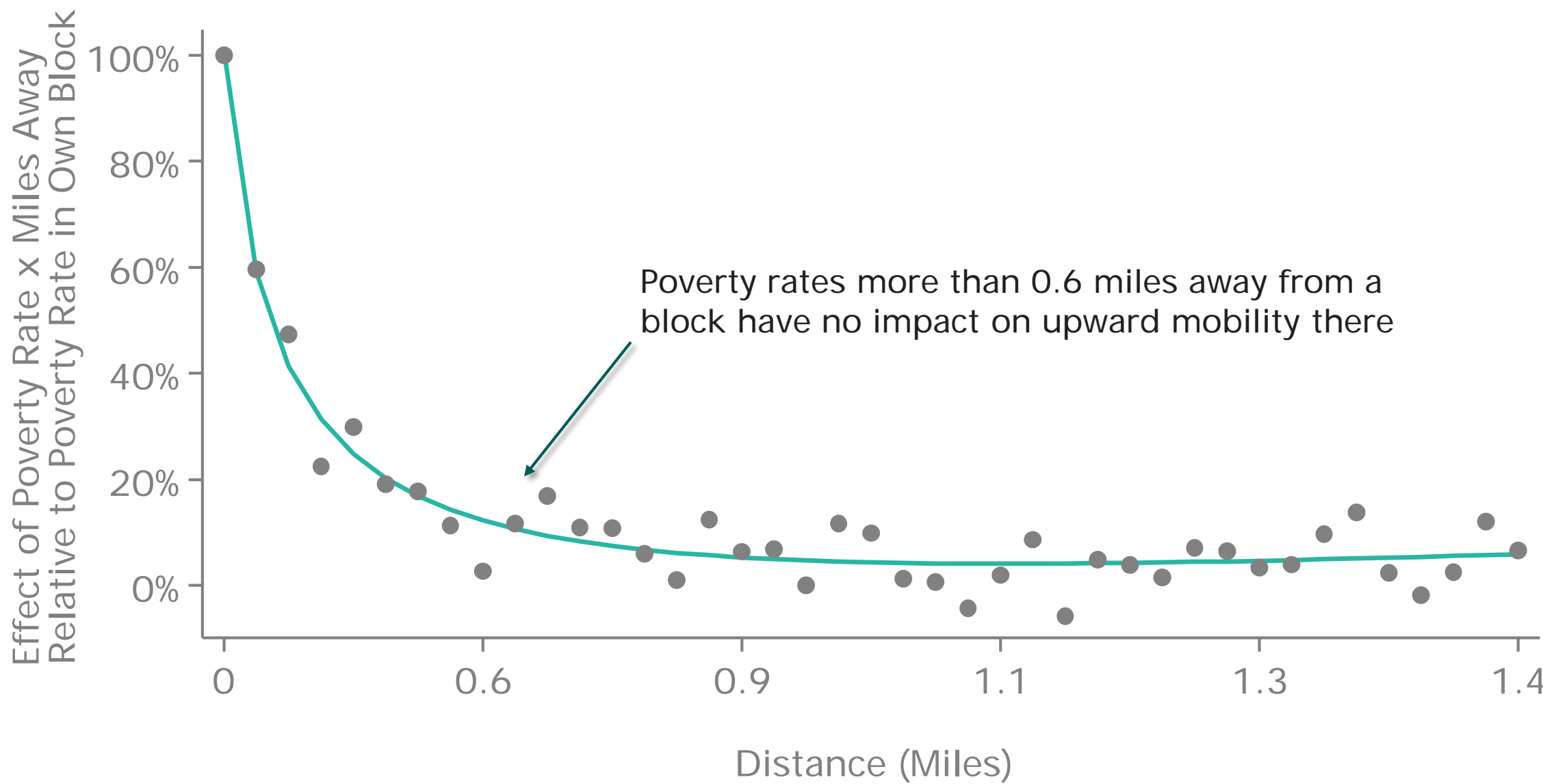


Better school quality



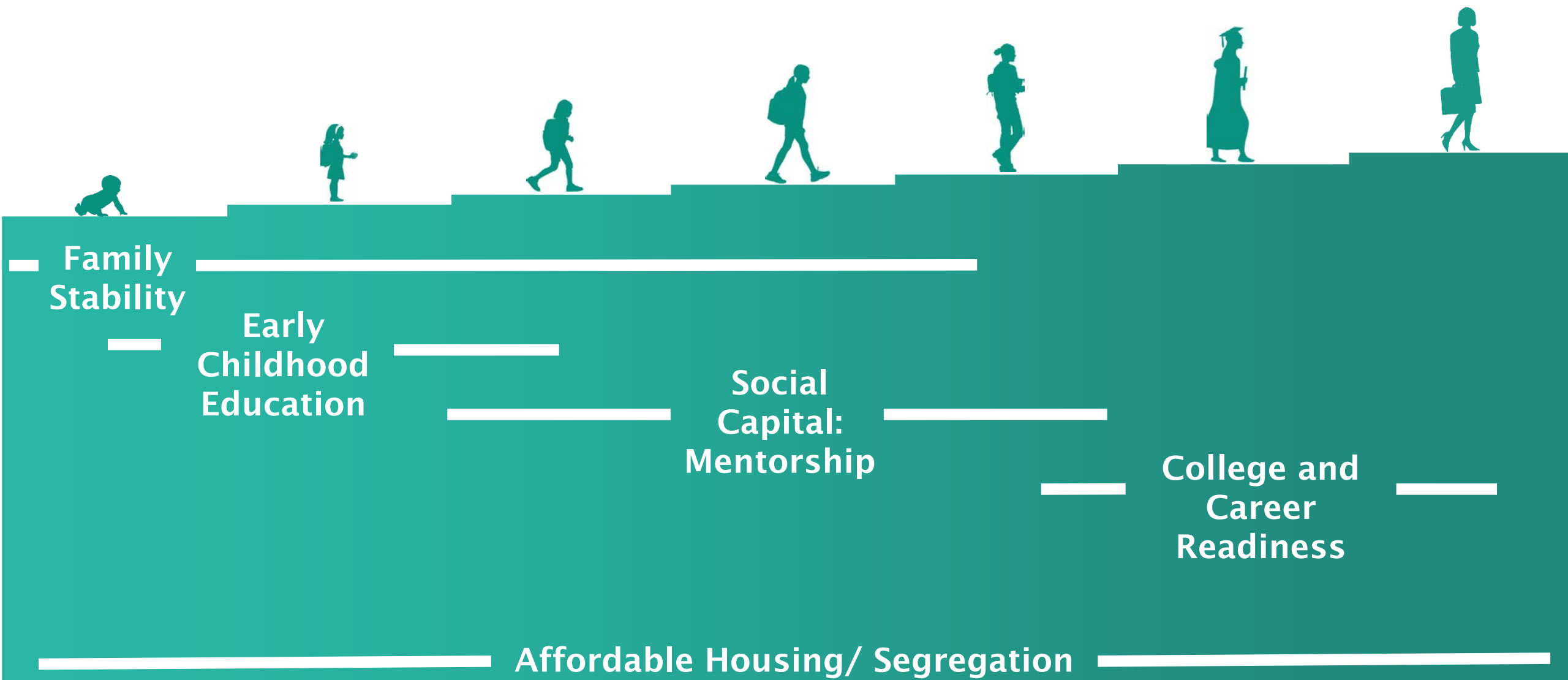
How Big Is a “Neighborhood”?

Spatial Decay in Association Between Poverty Rates and Upward Mobility



Source: Chetty, Friedman, Hendren, Jones, Porter 2018

A Life- Course, Data- Driven Approach to Place- Based Change



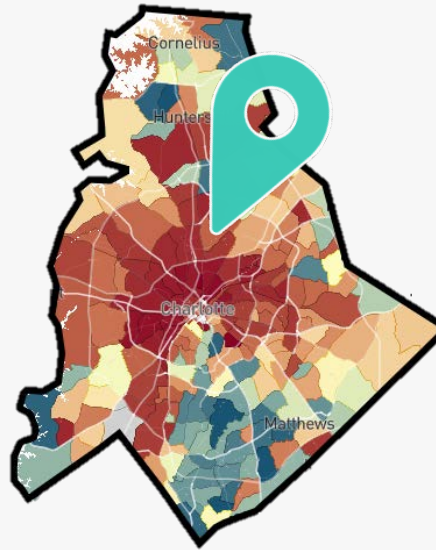
From Research to Policy: Three Pillars

Reducing Segregation



Help Low-Income Families Move to High-Opportunity Areas

Place- Based Investments



Increase Upward Mobility in Low-Opportunity Areas

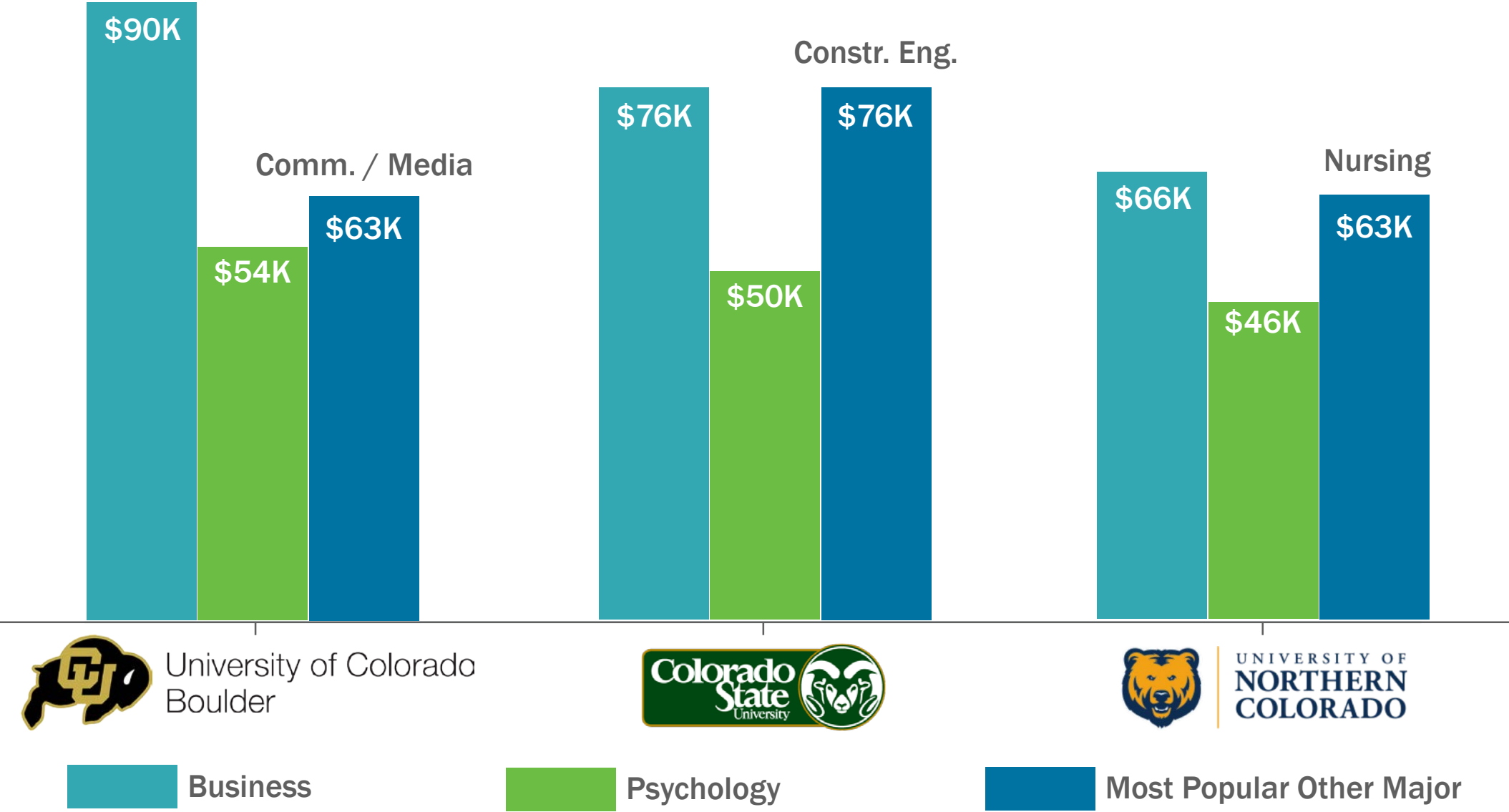
Improving Higher Education



Amplify Impacts of Colleges on Mobility

Earnings by School and Major in Colorado

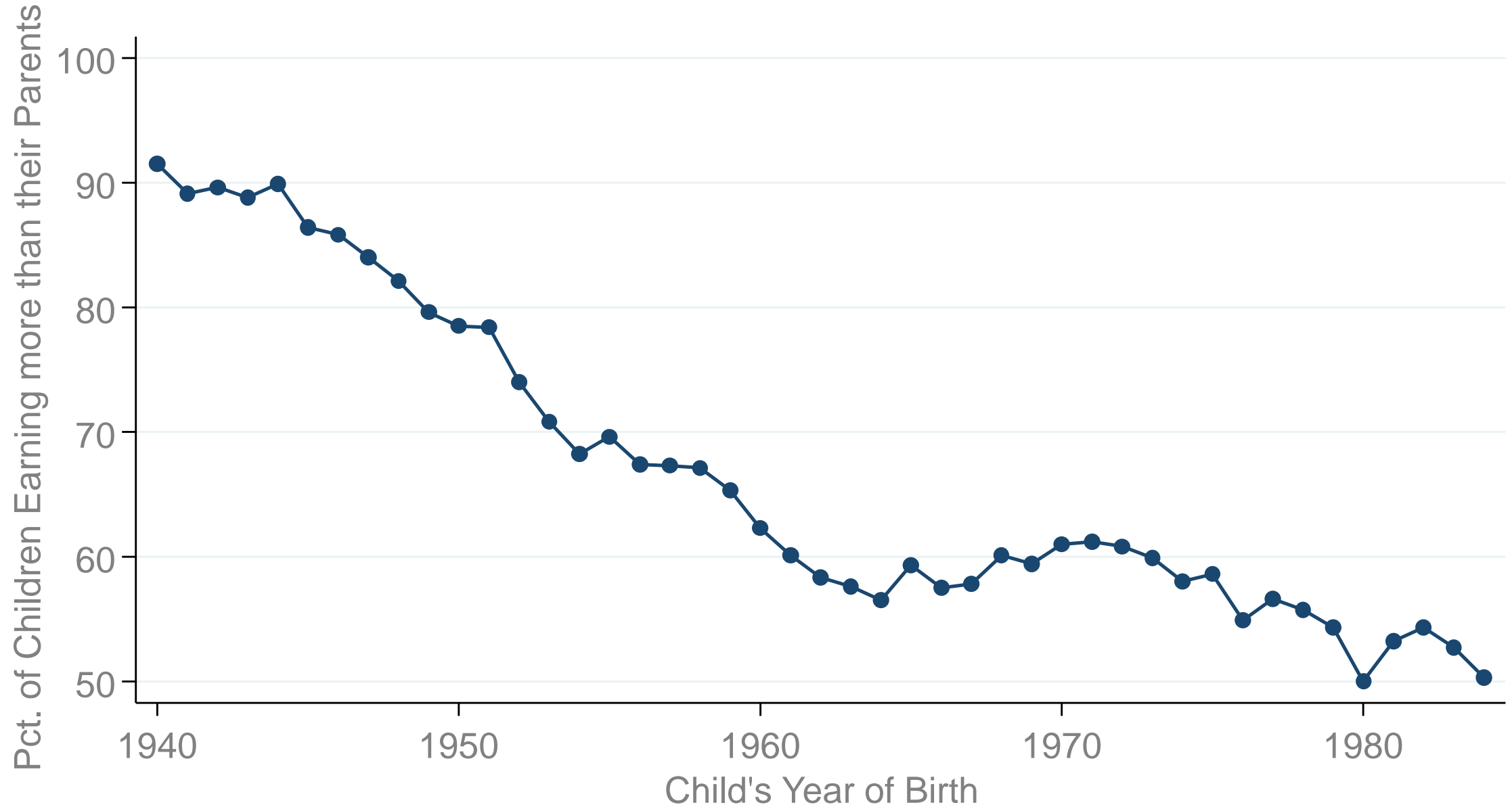
Annual Earnings of Employed Degree-Holders

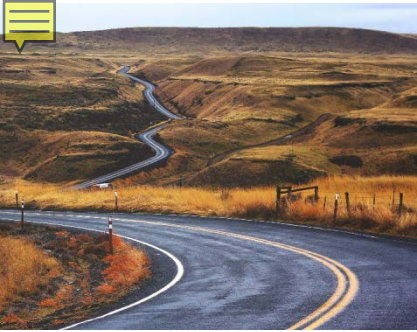


Source: LEHD PSEO Beta data visualization tool

The Fading American Dream

Percent of Children Earning More than Their Parents, by Year of Birth





OPPORTUNITY INSIGHTS



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