Equitable Growth *Insights*

Synthesizing Economic Mobility Research

Hello,

Welcome to the Washington Center for Equitable Growth's first **Insights newsletter on economic mobility**! This is a brand new quarterly newsletter, where we'll bring you insights on economic mobility from academia, journalism, and the nonprofit sector. In each edition, we'll distill new findings from the literature and provide connections between new research and U.S. mobility policy.

We hope you will stay with us. To receive future newsletters, **please subscribe**. We also want to know what mobility topics you'd like to see more of in this newsletter. **Please respond to our survey** to help steer future editions.

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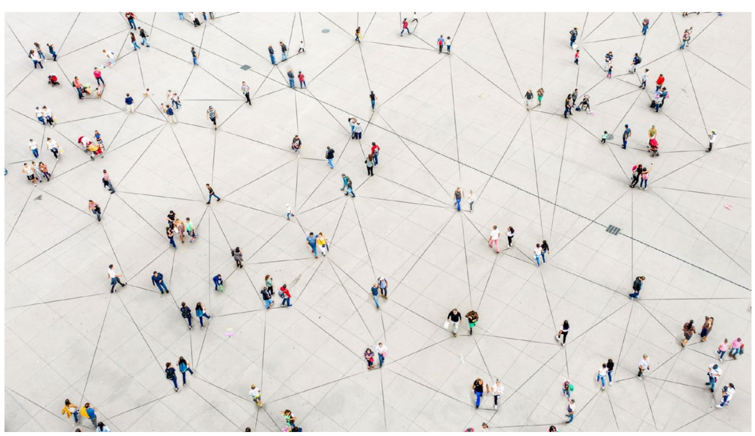


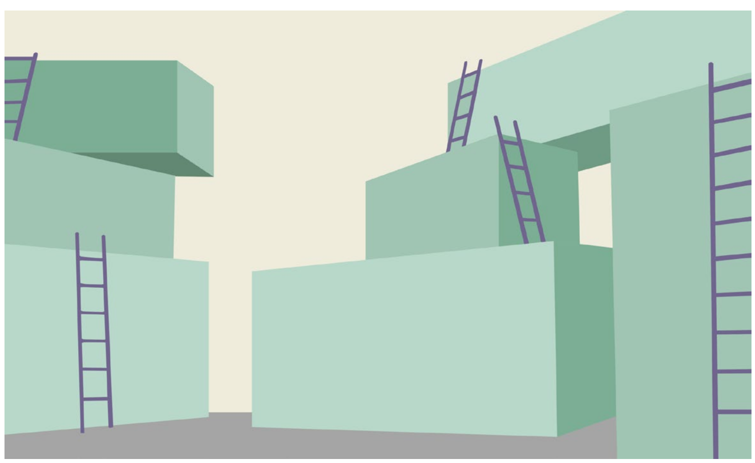
Taking social connection seriously

In 2022, Opportunity Insights used Facebook data on friend networks to show that the level of economic connectedness in a community is a key determinant of whether U.S. children living in poverty can rise out of poverty in adulthood. They also started a website, Social Capital Atlas, which provides neighborhood-level data on social connectedness.

Researchers are now using that data to examine the mechanisms underlying the Opportunity Insights results. In a March 2024 NBER paper, business professors Brad Cannon, David Hirshleifer, and Joshua Thornton find that the Social Capital Atlas' economic connectedness measure is predictive of household financial behavior. Individuals with wealthy friends save more and are more likely to invest in the stock market. Thornton has a related working paper that looks at how a person's local peers can influence their beliefs about their own financial futures.

Sociologists Debra Umberson and Rachel Donnelly, meanwhile, examine the underlying reasons that individuals might be isolated at various points in the lifecycle. The co-authors focus on health outcomes, but this review of the literature is a useful read for what it says about social connection over the life cycle. They emphasize that societal discrimination can increase isolation, particularly for people of color and LGBTQ+ individuals.

Umberson and Donnelly also echo Opportunity Insights' finding that lower-income individuals have fewer friends, stemming in part from the impact that limited economic resources can have on relationships. Further research on the precise mechanisms that create isolation could be a boon for crafting policies to improve social connection.



An updated report on factors that limit the development and deployment of human capital in the United States

In 2018, Equitable Growth published "Are today's inequalities limiting tomorrow's opportunities?" Today, we're updating that report with new research from the past few years. The new report adds sections on the impact of social connections, reproductive rights, and union density on economic mobility in the United States.

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In Conversation with Sasha Killewald

Earlier this month, Equitable Growth Senior Policy Fellow Austin Clemens spoke with the new director of the Stone Center for Inequality Dynamics at the University of Michigan, sociologist Sasha Killewald.

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Still more evidence of the benefits of school infrastructure

Equitable Growth grantee and University of Pennsylvania economist R. Jisung Park finds in his 2020 American Economic Journal article that heat inhibits learning and leads to reduced test scores. This creates inequity, since students of color and low-income students are less likely to have air conditioning in their schools.

Recent research strengthens the case for public investments in Kindergarten through 12th grade infrastructure. A new meta-analysis of the literature by Kirabo Jackson and Claire Mackevicius at Northwestern University finds that increases in educational spending have significant positive impacts on test scores and college attendance. A new NBER working paper from Yale University's Barbara Biasi and her co-authors builds on their work by examining what kinds of capital investments in schools are most impactful. Spending on basic infrastructure such as

HVAC systems and pollution removal have the largest positive effects, and they estimate that 25 percent of the gap in test scores between high- and low-socioeconomic-status school districts could be closed by appropriately targeted infrastructure spending, offering policymakers a blueprint to help improve mobility.

This is a policy idea whose time has come. The Infrastructure Investment and Jobs Act of 2021 provided some funding for school infrastructure, but the amount is insufficient for applications such as HVAC renovation, which could cost $40 billion. The Rebuild America's Schools Act of 2023 is an example of legislation that takes this challenge seriously—it would appropriate $20 billion annually for 5 years to improve school infrastructure.

Considering various ways to measure mobility

In an Equitable Growth convening that informed this newsletter, "Great Gatsby Curve" creator Miles Corak observed, "Right now, there's an absence of setting targets and monitoring progress on mobility. We have a target for the inflation rate, but we don't have a target for child poverty, food insecurity, or housing insecurity." What targets policymakers should care about depends on what they think the goal of mobility policy should be. Should they care about relative or intergenerational mobility most? Poverty at the bottom or resource hoarding at the top?

Two new papers offer guidance. First, "Measuring Unfair Inequality," from economist Paul Hufe and his co-authors, proposes a new metric that nudges policymakers to maximize equality of opportunity and minimize poverty. They construct this metric for European countries and the United States, finding much higher levels of "unfair inequality" in the United States.

Meanwhile, Pablo Mitnick of the Stone Center for Inequality Dynamics analyzes the mathematical properties of four different mobility metrics. He demonstrates how intergenerational elasticities, intergenerational correlations, and rank-rank slopes are related to one another, and provides several examples of how they relate to the level of inequality in the economy.

Additionally, by the time this newsletter hits your inbox, the National Academies' Committee on National Statistics will have released its final report on building "An integrated system of U.S. household income, wealth, and consumption data and statistics to inform policy and research." This is a star-studded panel and an important topic with applications for measuring economic mobility.

Economic Mobility Roundup from Equitable Growth grantees

Equitable Growth has a network of more than 400 academic grantees from previous rounds of our annual grantmaking process. Here are five recent articles by our grantees on economic mobility:

- In an article forthcoming in the American Economic Journal, sociologist Robert Manduca, alongside many co-authors, finds that absolute income mobility in the United States is lagging behind Europe. Rising inequality, especially between generations, is a significant driver of falling U.S. mobility, as Manduca explains in his brief on the research for Equitable Growth.

- Professor of social work Leah Hamilton just published new results from a survey of recipients of the expanded Child Tax Credit amid the COVID-19 pandemic. She and her co-authors find the additional funds were impactful for families. Notably, families used the money to pay for extracurricular activities for their kids and save for future education costs—two key ways that wealthier parents help their children.

- Emory University economist David McMillon has a fascinating new working paper that formalizes properties of systemic racism. There's a lot of math here but plenty of interesting policy applications. He demonstrates that policies that make small adjustments to inequity might have no impact in the long run because amplifying aspects of discrimination can drag the equilibrium right back to a previous steady state. It may take a large shock to move society to a new, more equitable equilibrium.

- CUNY postdoc Meredith Slopen finds that paid sick leave programs in California, Massachusetts, and Oregon increased women's employment by 1.2 percentage points and women's income by $2,347. In testimony before the New York State Assembly, she notes that higher retirement ages will lead to workers requiring more time to provide care.

- University of California, Los Angeles postdoc Alex Bell's new working paper examines a 1991 randomized trial that provided Big Brothers Big Sisters mentors to low-income children. Bell uses survey data collected at the time and links administrative data on participants' current income. Children who received a mentor were much more likely to attend college and have incomes 20 percent higher than their peers who were not mentored. Mentors appear to be a cost-effective intervention for disadvantaged youth.

Tackling affirmative action

In a series of recent articles, writers at *The New York Times* consider how universities should proceed in the wake of the Supreme Court's 2023 decision to strike down affirmative action programs. In the short run, some of these policies may not be feasible after the ruling, but in combination, they could produce just as much racial diversity as affirmative action and more income diversity:

- "The 'Colorblindness' Trap: How a Civil Rights Ideal Got Hijacked"
- "What Groups Need Affirmative Action?"
- "Can You Create a Diverse College Class Without Affirmative Action?"

That's it for this first edition. Look for our Insights newsletter quarterly and **don't forget to subscribe and respond to our user survey!**

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