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WEBINAR

THE CHANGING LANDSCAPE OF ECONOMIC OPPORTUNITY BY RACE AND CLASS IN AMERICA: NEW DATA AND POLICY IMPLICATIONS

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WELCOM AND INTRODUCTIONS:

TARA WATSON
John C. and Nancy D. Whitehead Chair, Senior Fellow, and Director, Center for Economic Security and Opportunity, The Brookings Institution

PRESENTATION:

RAJ CHETTY
William A. Ackman Professor of Economics, Harvard University; Director, Opportunity Insights

BENJAMIN GOLDMAN
Research Affiliate, Opportunity Insights
Incoming Assistant Professor of Economics, Cornell University

PANEL DISCUSSION:

XAVIER DE SOUZA BRIGGS
Senior Fellow, Brookings Metro, The Brookings Institution

SHERRI CHISHOLM
Executive Director, Leading on Opportunity

RAJ CHETTY
William A. Ackman Professor of Economics, Harvard University; Director, Opportunity Insights

ROBERT DOAR
President, American Enterprise Institute

MODERATOR: ABIGAIL WOZNIAK
Vice President and Director, Opportunity & Inclusive Growth Institute, Federal Reserve Bank of Minneapolis

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WATSON: Hello and welcome to our event today. I'm Tara Watson. I direct the Brookings Center for Economic Security and Opportunity. And on behalf of CESO, I want to welcome you to our conversation. We'll be talking about the changing landscape of economic opportunity by race and class in America. I'm really thrilled to be hosting this event today because despite the polarization that we all hear about in our country across a range of topics, there really is a common commitment, I believe, to opportunity across the political spectrum. We have consensus. I believe that America ought to be a place where people from any background, any race, any family, any neighborhood can grow up to achieve economic success and to thrive.

So while we all agree on that. Questions remain about how to make that a reality. We wonder often how much mobility there is, how it's changing over time, and what conditions need to be in place for there to be meaningful opportunity and mobility. So I'm really glad that we'll be able to address those questions today, or I can't promise that we'll answer all of them. We are going to make some headway. We'll be, starting with a conversation about a new report released from Opportunity Insights. The presentation by Raj Chetty and Benny Goldman. We'll talk about the data that they've analyzed and what we can learn from it. And then we will turn to a panel of experts who can really help us better understand those findings. I'm going to introduce everyone who will be participating. And then I'll turn it over to Raj and Benny. So Raj Chetty is William Ackman Professor of Economics at Harvard University and Director of Opportunity Insights. Benny Goldman is an incoming Assistant Professor at Cornell University and also a collaborator on the report.

After they present, we will have a conversation moderated by Abbie Wozniak of the Federal Reserve Bank of Minneapolis. Abbie leads the Opportunity and Inclusive Growth Institute there. Abbie will be joined by Raj, as well as three people who will respond to the report. This includes Xavier de Souza Briggs, who is a Senior Fellow at Brookings and the Brookings Metro program. He is the author, among other things, of the Geography of Opportunity: Race and Housing Choice in Metropolitan America. We will also be joined by Sherri Chisholm, who is the Executive Director of Leading on Opportunity, which is an organization focused on promoting economic mobility in Charlotte, North Carolina.

Sherri previously directed Urban Alliance Detroit and has extensive experience trying to promote mobility and opportunity on the ground, and we will also be joined by Robert Doar, President of the American Enterprise Institute, who is also the former Commissioner of New York City Human Resources Administration. So I'm thrilled to welcome you all and to turn it over to Raj and Benny to tell us about their new work.

CHETTY: Thank you so much, Tara, for hosting us. Thank you to the Brookings Institution. And thank you all for joining. So we are going to discuss new work, today that our team just released last week joined with Benny Goodman, as well as Will Toby, Sonia Porter and Krystal Yang to set the stage. I'm going to start with this map here, which has been on my mind for the past ten years. It comes from a study called The Land of Opportunity that our Team Opportunity Insights put out back in 2014, where we analyzed the geography of economic mobility in America. And let me just take a second to describe how this map was constructed and what we learned from it at that time. So what we did was took data from tax records for essentially all children born in 1980. We followed them over time and linked them back to their parents, and we constructed a simple measure of upward mobility, dividing the US into 740 different metro and rural areas in each of those areas, taking the set of kids who grew up in low income families, families at the 25th percentile of the national income distribution, parents were making about $27,000 a year.

We followed those kids and asked, how much are they making when they grow up, when they are 35 years old? So a very simple measure of where do you end up conditional on starting out in a low income families? So to give you an example, in the Boston metro area where I am right now, kids who grew up in families making $27,000 a year, one generation later, on average, we're making $36,800. And we similarly compute that statistic using anonymized tax records for millions of children. For all the different areas in the US, coloring the map so that red orange colors represent areas with lower levels of upward mobility, where you're less likely to achieve the American dream of rising up. That our job is describing in our introduction. And the blue green colors represent areas with higher levels of upward mobility. So if you just take a second to look at this map and look at the scale on the lower right hand side of this map, you can see that there's an enormous amount of variation in children's chances of rising up across different parts of the US.

There are some parts of America, like rural Iowa for kids growing up in families, making $27,000 a year on average, are making more than $50,000 a year in the next generation, a tremendous amount of upward mobility in a single generation. And yet there are other places like Charlotte, North Carolina, where kids in the next generation are actually making less than their parents were on average if they grew up in a low income family. So when we put out these data, two things happen that I think really set the stage for the new work we're going to be talking about today. First, there was a lot of interest from policymakers around the country in trying to understand what drives these differences in economic mobility. So to give you one prominent example, Charlotte, which I just mentioned before, ranked 58th out of the 50 largest cities in terms of children's chances of rising up. When we put out that data, people in Charlotte noticed. You can see this article in the local newspaper that, you know, bemoans the fact that Charlotte is really not a land of opportunity despite being a thriving, economically vibrant city.

And that led to a lot of really, I think, inspiring and exciting initiatives. We're joined by Shirley Chisholm, who will be on the panel commenting today, who's leading the Leading an Opportunity initiative in Charlotte that really has brought together a series of interventions to try to address that issue and increase economic opportunity in America. That is one example of many initiatives across the country, partly inspired by the data that we put out in 2014 and other work showing that economic mobility was lagging in many parts of America. Those policy efforts, of course, are motivated by the idea that it's possible to change opportunity. That was the goal, and many people wrote to us at Opportunity Insights, and many people wondered how exactly can we go about improving economic opportunity going forward, given what we see in these data? Now, in responding to those questions, I was also following the academic literature that was developing around that time.

There was a series of papers that have been written, many, many researchers now who have used the data. That Opportunity Insights released in that 2014 study and subsequent studies to analyze the determinants of economic mobility. And people have identified many factors that seem to matter for economic mobility. But one common theme has been that present day differences in upward mobility really seem to have their roots in long standing historical factors. Let me give you one example in this slide here, from a paper by a demographer named Thor Berger published in 2018, where he takes our data on upward mobility shown in the map on the right. That first map that I started out with, and compares it to data on rates of slavery from the 1860 census. And you can see that it's precisely in the areas where we had the greatest, the highest rates of slavery. Those are the places where we have the lowest levels of upward mobility 150 years. Later.

This is one example of a number of papers that have shown that historical factors like redlining, discriminatory credit lending practices back in the 1930s, Jim Crow laws, a series of other historical factors really seem to shape modern day, society and children's chances of rising up. And so if you juxtapose those two points that I just laid out a policy interest and really changing economic opportunity with this scientific evidence that some of the roots of these differences may be really these longstanding historical factors. You know, I was left to wonder, is the goal of changing opportunity within a feasible time frame, within my own lifetime, within a time frame that policymakers would care about? Is that really a feasible goal, an opportunity be changed? And that sets the stage for the new paper we just released on changing opportunity, trying to understand whether and how economic opportunity is changing in America. Let me turn it over to my colleague Benny Goldman, a rising star on this field who helped lead this analysis, who will walk us through the new data.

GOLDMAN: All right. Thanks so much, Raj. And also thanks to the Brookings team, for hosting us. We're super excited to be here and to all the panelists as well. So as a reminder, the study and the map that Raj was focused on a moment ago featured a sample of children born around 1980. But now, really, thanks to just the gift of time, we have an additional decade of tax data to directly analyze how the landscape of economic opportunity has changed in the U.S. over the course of the past 15 years. The way we're going to do that is by using a sample of 57 million children who were born or grew up in the US between 1978 and 1992. We're going to then follow them and measure their own household income at age 27. And we're going to focus on changes for millennials born in the early 90s relative to their Gen-X counterparts, born in the late 70s.

So as a starting point back for that analysis, I want to come back to the map that Raj began with, but now focus on a sample of white children born in the year 1978 to low income parents. And so you can see the familiar pattern here, where red areas of the map color places where these folks are doing relatively worse, and they tend to be concentrated in the industrial Midwest, parts of Appalachia and parts of the southeastern US. What we're now able to do is essentially, fast forward this map 15 years and ask, well, what does this look like for the set of white children born to lower income parents in 1992? And when we do so, we're importantly going to hold the scale on the bottom of the slide fixed so that you can directly compare the outcomes across the two maps. What we see is a real broad based deterioration and economic opportunity for white Americans born to low income parents. So if we look back at the map in 1978, the areas of the US were outcomes were worse. So parts of Appalachia, the southeastern US, those effectively stayed where they were.

But there were parts of the US. You know, you can draw your attention to California, much of the northeast, Massachusetts, Connecticut, new Jersey, where in some sense the American dream was really alive and well, at least for white children born from low income parents, that by the 1992 birth cohort, those places have the same exact outcomes as kids growing up in southeastern Ohio, the heart of Appalachia, and part of the southeast US. So there has been a real broad based, decline in economic opportunity for white Americans over this period. When we turn our attention to how outcomes have changed for black Americans, the first thing to draw your attention to is the map here is much sparser, reflecting the fact that there is not an adequate number of black Americans in much of the US to map these statistics reliably. We've also put the map on a different color scale, which will become clear in a moment. But what we've done is places in purple have relatively worse outcomes, and places in peach have relatively better outcomes.

If we fast forward these data 15 years and ask what these patterns look like for children born in 1992, you see almost the opposite pattern that we saw for white Americans. So the places that were relatively strong, the peach colored places on the map, effectively stayed where they were. The places that were lagging behind in purple really caught up. So unlike for white Americans, there's been a real improvement in outcomes for black children born to low income parents. With that said, it's worth pointing out that even if we focus on kids born in 1992, after this convergence between white and black children have taken place, you still see almost two Americas here. So very different outcomes for white and black children born to low income parents.

In fact, you really have to non-overlapping distributions here in the sense that the places that really offer the absolute best opportunity for black children still have worse outcomes than the places that are actually offered the worst opportunity for white children. So there has been substantial reduction in the race gap, which will put a number on in a second and more detail. However, there are still very large racial disparities that remain even by the end of the sample period. So when we first began showing these statistics to folks in the field, some folks had the question of, well, in some sense are the patterns for these two groups related, in the sense that perhaps the progress for black Americans has impacted or in some sense come at the expense of what's gone on for white Americans. But when we look at the data, we actually see the direct opposite pattern.

So what I'm showing you here is a scatter plot for the 50 largest counties in the US. On the Y axis, we're showing how outcomes have evolved for black children from low income families on the x axis. We're showing how outcomes have evolved for white children from low income families. And not only is this not a negative slope, which is what you'd see with that zero sum type logic, but it's a. A clear, positive relationship. That is to say, in the subset of places in the US, the Austin, Texas, is the Columbus, Ohio is the Detroit, Michigan. Michigan's where outcomes have really improved substantially for Black Americans. White children have done relatively well in those places as well, suggesting that this kind of game of economic opportunity in the US is by no means zero sum, but really seems to be a rising tide that lifts all boats. So thus far, we've focused on the data at the area level, looking at changes in economic opportunity by county. I want to just zoom out to the national level to summarize what we found by splitting the data into four mutually exclusive groups white and black children born to low and high income parents.

So consistent with the data in the maps, we've seen a substantial improvement in outcomes for black children born to low income parents. This increase of earnings of about $1,400 at age 27 corresponds to about a 5 or 10% increase in household income. At the same time, we've seen a decline in outcomes for white children born to lower income parents of about $2,000 per year in household income. If we put these two forces together, we can directly quantify what has happened to the race gap amongst children born to low income parents over this period. And you can see it started at about $13,000 per year for those born in 1978.

By the time we get out to 1992, it's fallen to $9,500. So when we first saw this plot, we thought this was a fairly remarkable change, or a decline of 30% in what is a relatively short time frame, I think really making concrete that changing opportunity in a short period, for better or worse, is really possible. And of course, it's worth pointing out that despite the convergence between the two groups here, you still see this racial disparity of about $9,500 at the end of the sample. When we look at how outcomes have evolved for other groups. So I haven't shown any data yet. For children born to higher income parents, we actually see a slight increase in outcomes for white children born to higher income parents. So other than the race gap, we can also ask, well, what's happened to what we'll call the class gap: the difference in outcomes for white folks born to lower versus higher income parents.

And there you get almost the reverse pattern from the race gap, where the difference in outcomes for poor versus rich white kids began at around $10,000 for those born in 1978, 15 years later, by the time we're out to 1992, that gap has expanded to nearly to just over $13,000. This polarization and outcomes by class in the US seems a really unique to white children over this period. I mean, look at what's happened to black children born to higher income parents. We've actually seen an improvement in outcomes. So for black children, it's been more of a uniform change across the parent income distribution. Whereas for white children outcomes have worsened at the bottom and improved at the top. And hence this period from 1978 to 1992 is really summarized by these growing class gaps and shrinking race gaps. So before diving into what we think is driving these changes for different groups, I want to mention one more fact in particular about the shrinking race gap at the national level.

Which is it's predominantly driven by, declines in the race gap in the persistence of poverty across generation. So the statistic we're showing here is for a set of low income children born in 1978. And we're asking amongst those born to poor parents, what fraction remain poor in adulthood? By poor we mean earning in the bottom fifth of the income distribution. You can see a massive racial disparity, where black children are almost twice as likely to remain poor across generations as white children, a gap of nearly 15 percentage points. 15 years later, there's been a substantial convergence. This gap has shrunk by almost 75%.

Again, a really substantial change over a relatively short period of time, driven both by reductions in the persistence of poverty, from black children and slight increases amongst white children. However, if we were to look at a different notion. So rather than persistence of poverty, we could also think about, you know, what are the odds you really realize a kind of Horatio Alger definition of the American dream, bottom to top mobility. So this is what fraction of kids born to lower income parents make it to the top fifth of the income distribution of kind of the upper middle class, the professional class there, we've seen essentially no progress. So in particular, if you draw your attention to the statistics for black children, it's just 3% of black children born to low income parents end up making it to the top fifth of the income distribution.

And that is totally unchanged between the 1978 and the 1992 birth cohort. And so the convergence here is really driven by black children being less likely to be in poverty across generations, but really moving into the middle class or the working class and not to the upper echelons of society here. For the remainder of the talk, we're going to focus on what we think is driving these different changes for different groups. We're going to start with a set of explanations that occurred as natural explanations to us. After talking to folks in the literature and thinking about other factors that have been shown to be important in the determinants of economic mobility. So the first is a set of family level factors. So perhaps the reason we've seen growing class gaps and shrinking race gaps is these groups have evolved differently in terms of marital status, education, wealth of the parents' generation. Essentially these things that vary at the family level. We find that effectively explains none of these changes. If you directly condition on these factors, you've got essentially the same set of results I was showing a couple slides ago.

I think another unnatural idea is that maybe this is really all about place rather than race and class. So what I mean by that is imagine the economy at large has just happened to improve in the types of areas that black families tend to live, and perhaps worsened in the parts of the US where white children born to lower income parents tend to live. We again find that this explanation holds no muster, and the reason for that is you can actually directly compare the outcomes of black and white children growing up in literally the same census tract, the same neighborhood, and we still find growing class gaps and shrinking race gaps within neighborhoods across cohorts.

So what does that really leave on the table? It means that whatever accounts for these different changes has to vary by group, by race and class within a given geographic area. So in thinking about some candidate hypotheses, we turn to the literature and we're struck by the work of William Julius Wilson, who in his famous book When Work Disappears, was really focused on the impact that the disappearance of jobs can have on the community. So Wilson says many of today's problems crime, family dissolution, welfare, low levels of social organization are fundamentally a consequence of the disappearance of work. So what we take Wilson to mean here is not necessarily the direct effect of the disappearance of jobs, but rather the disappearance of jobs and everything else that might come with it or be downstream from it in terms of what it does to families and the broader social community in the area.

So Wilson's work was predominantly focused on ethnographic evidence in Chicago in the 80s. What we're effectively going to do is bring Wilson's idea and test it in, quote unquote, big data to look and see if this type of explanation can help us understand what's going on with different race and class groups in recent decades in the US. So I want to start by focusing on white children born to low income parents. What we're showing here is data. At the county level. We're on the y axis. We have the change in outcomes for white children born to low income parents. On the x axis, we have the change in employment rates in the prior generation, just like Wilson's idea suggested, were effectively measuring how access to jobs or joblessness has changed in the community. What we've done here is, rather than plot data at the county level with 3000 dots, we've grouped counties together based on their average change and parental employment rates.

So the leftmost dot on the plot represents the 100 counties that have had the largest decline in employment rates for white children, for parents of white children, for low income white parents. Excuse me. So what you can see here is a clear, upward sloping relationship where kids growing up in communities that seem to be worsening based on what's going on in the prior generation, have lower outcomes in adulthood. In fact, the decline that we saw nationally from low income white kids really, in a sense, comes from the sets of counties in the US where jobs have really disappeared in the prior generation. When we look at how this series works for other groups, we actually get a remarkably similar pattern here.

So in green here, we're showing the data for black children born to low income parents. And you can see a very similar positive relationship where kids growing up in communities that seem to be improving as measured by unemployment rates in the prior generation, do a bit better. Kids growing up in communities that seem to be declining do a bit worse. I think the obvious distinction on the plot is the points are just shifted, right relative to the relative to where, the points for white low income children are suggesting that the communities themselves have evolved very differently, black versus white communities in the past 15 years. When we look at other groups that we have adequate data to study this relationship for white children born to high income parents shown in this salmon color, here we again get a very similar pattern.

In fact, you can really fit a single line through this entire series of data. In economics, this is what we would call a kind of one factor model where just from a descriptive perspective, this single variable how conditions and employment rates in the past generation have evolved locally seems to fully explain why outcomes have changed differently for different race and class groups in the past 15 years. So I think, as I've emphasized in describing this relationship, and as Walton has emphasized in his own work, it's really something about how the community is changing. But on the other hand, I think you could look at this relationship and say, yeah, well, maybe this has nothing to do with communities. It's really all about your own family. The reason kids on the left hand side of this plot are doing worse is because perhaps their own parents have lost work, and that matters for their trajectory later in life.

But when we repeat this analysis for the subset of kids whose own parents have remained employed so effectively, nothing has happened to their family financially. We get almost the exact same pattern, suggesting that it really is something about what's going on in a larger community outside of your own and immediate household. And I think, as Wilson emphasized in his own work, when jobs disappear, there can be other downstream effects, for example, on the stability of families. And we see that in our data, too. So it's not just necessarily about jobs in the community, but we get a very similar, relationship when we look at measures of family stability. So here we're showing marriage rates. And again, you see that children growing up in communities where conditions appear to have worsened in the prior generation themselves, seem to do worse in adulthood.

So given that the conditions in the prior generation really seem to explain why different groups in the US have been on different trajectories in the past 15 years, it's of course, important to understand what is driving the relationship between these two variables. Why is it that in areas of the US where economic prospects are families have been on the decline for certain groups? Why are kids in the next generation feeling the effects of that change? And we think it's useful to disentangle two broad classes of explanations. So the first is what I'll call labor markets, which is really about job availability. So perhaps why are kids doing worse in areas where their parents are working at lower rates? Well, maybe if their parents lost jobs, they too are going to have trouble finding jobs when they enter the labor market. And so it's really key in some sense, to be in a booming labor market when you're a young adult.

So that's one class of explanations. On the other hand, it might not be directly about the labor market, but rather in the sets of communities where conditions have declined in a prior generation. Something has changed about the childhood environment or really what it means to grow up there. We're going to be able to test between these explanations by studying a set of children who move across counties early versus late in childhood. That's a natural thing to do in that situation, because folks who move early are going to have a substantial amount of their childhood spent in the environment of the destination county. Folks who move later on childhood will not spend much of childhood in the place they move to. But in both situations, these kids will be exposed to the same labor market. So I want to start by replicating the analysis we did of how children's outcomes change, based on how changes in parental employment rates from their own race and class group in their own community, and focus on a set of children who move early in childhood.

So on the x axis here, we're measuring how community conditions have and have changed based on parental employment rates in the destination county that the child moves to. So again, this is a set of young movers. They're going to spend moves before age eight. They're going to spend at least ten years of childhood in this destination county. And you get a very clear relationship here where children are moving to places that seem to be improving, do better in adulthood, children moving, the places that seem to be doing worse, as measured by what's going on in the prior generation themselves, end up doing worse in adulthood.

However, when we look at a set of children who move later in childhood between ages 13 and 17, we get effectively no relationship between these two variables. So we really view this as very strong evidence in favor of the childhood environment type hypothesis, because, again, both these children are going to experience the same labor market conditions. Yet we see the impact of conditions in the prior generation really only mattering for the set of kids who end up moving young enough to spend a substantial portion of their childhood in that place. Another simple way to disentangle between the labor markets and environmental hypothesis is just to measure child outcomes prior to when kids enter the labor market. So that's exactly what we've done here, taking administrative data from SAT and Act scores.

And you can again see, even when looking at an outcome measured at the end of childhood, you see kids doing worse in communities where conditions have worsened in the prior generation and kids doing better in areas of the US where conditions have improved in the prior generation. So I think this begs the question something is clearly changing about the childhood environment and the places on the left hand versus right hand side of the plot. Well, what is it that's changing about the childhood environment? And again, we think it's useful to think about two classes of explanations. So one is what I'll call social interaction. Here you should think about the idea that in a community where, say, parents are working at high rates, families are staying together, perhaps it's easier to access job referrals. Perhaps when you're growing up, it's really important to see someone who looks like you, who goes to college or pursues a certain career path.

So that mechanism is fundamentally, running through the social interactions that children have while they're growing up. On the other hand, this could purely be about economic resources, right? So communities with high levels of parental employment could have, better funded schools. They could have access to more local programs, better public goods, and so on. So one natural way to again, look at the difference or disentangle between these two explanations is to look at to exploit differences in friendship patterns, to look at folks, to look at individuals who children socially interact with in childhood. So I want to take one example of that focused on age. So the plot I'm showing here, which comes from Facebook data, shows the fraction of your friends you make in high school that are in your own grade one grade above. One grade below. Two grades above and so on.

And you see what I think might be a familiar pattern here, where folks really tend to be friends with their own grade. Perhaps you have a few friends. You play on a sports team with someone a grade above or below. But you have many fewer friends in the class. That's four years above or four years younger than you. What we're now able to do is return to that relationship between changes in children's outcomes and changes in parental employment rates, and ask for which parents matter. Is it the parents of the kids whom you're most likely to socially interact with, who are in your own grade? Or is it all parents in the community that seem to impact children's outcomes? What we get is a remarkable, remarkably, similar graph in green to the one in orange. So what we're showing here is it really seems to matter for kids outcomes.

If parents of the kids are most likely to actually socially interact with, end up losing work, whereas it matters much less for kids outcomes as parents for grades away or so end up working at lower rates. So we view this as evidence of the social interaction story. And the reason for that is if parents of kids who are four grades above you are working at lower rates, that will, of course impact the overall level of resources in the community, the funding of the schools, and so on. And yet we see what really seems to matter is what's going on with the parents of the kids are actually likely to be friends and socially interact with. Another way we can look at this data is by using the fact that we know from prior work in sociology and other fields that folks tend to be friends with people of their own race and class backgrounds. So social networks are effectively segregated by race and class in the US. And so what I'm showing you here is for a sample of low income white children.

What is the impact of being an improving versus declining community as measured based on low income white parents versus as measured based on low income black parents? And you can see this picture here where white children are far more sensitive to what's going on locally with the low income white parents than they are with what's going on locally with the low income black parents. So what this chart means is that if you move to a community with an above versus below average change and parental employment rates from low income white parents, those kids will go on to earn about $1,800 more in adulthood. We get effectively the flip image for black children born to low income parents, where they seem most sensitive to what's going on locally with the low income black community, or what's going on with low income black parents.

One sharp way to think about this, social interaction mechanism is to focus on this 440 number here. So the impact of what's going on with low income, black well income white parents on black children and ask, well, what happens to that 440 in the subset of communities where white and black individuals really socially interact at high rates? So the way we bring that to the data is by using information on local rates of interracial marriage. And, you know, amazingly, you see that it's exactly in the communities where white and black individuals are really interacting, as measured by rates are in a racial marriage, where you start to see black children become sensitive to what's going on with low income white parents. Again, really pointing to something that's key about social interaction in terms of mediating the relationship between children's outcomes and parents outcomes. So with that, I know we've shown you a lot of charts. Let me pass it back to Raj, who will summarize what we've learned and also talk about some next steps for the field and some resources our team is hoping to make available. Thanks again for having us.

CHETTY: Thanks so much, Benny, for walking through the data. So in the last couple of minutes here before we turned over to the panel, I wanted to talk through what I see as the implications of the new results that Benny has presented for improving economic opportunity from the perspective of someone who's worked on these issues for the past ten years. So the simplest takeaway for me is that opportunity can change even in short time frames. So if you think back to the motivating slides that I showed on the relationship between slavery and economic mobility, for instance, you know, there's no doubt that history cast a long shadow. But that does not mean, apparently, that things are unchangeable. Many of us on the panel, many of us who are likely listening today, are very interested in understanding how to change economic opportunity.

And I think these new data show us that change is possible. In fact, quite substantial change is possible within a decade. And I view that as a very encouraging message, suggesting that we simply need to better understand the science of economic opportunity, and we can make progress in making the American dream a reality for more people. Now, naturally, the question of interest is how do you actually do that going forward? We don't necessarily have the final set of answers for you in this paper, but I think the findings shed some light on where we should focus our attention going forward. And I want to emphasize three things that at least I take away from these data.

And I'm sure the panelists will have more to add here as well. So the first is that I think the data suggests that supporting the next generation in communities that may be currently declining is extremely important. So if you think about current policy discussions about, say, the decline of manufacturing or challenges due to outsourcing and global competition, there's a lot of focus on policies like trade adjustment assistance or unemployment insurance, job retraining for the current generation of adults who might be displaced by those kinds of changes in technology or global competition. What we're seeing in these new data is that it's equally important to focus on the next generation of kids growing up in those communities that might be experiencing that sort of decline, because apparently growing up in that sort of community, even if you yourself are not working in those jobs yet, has really negative impacts in terms of your economic prospects, in terms of your educational outcomes and so forth.

So I think there's an important lesson in terms of where to target our attention going forward. Second, how should we target our attention? I think there's a lot of focus, traditionally in this space on what are called place based policies, viewing places or neighborhoods as the key area of focus. The new data, I think, suggest that it's equally, if not more important to focus on what we're calling social communities within these neighborhoods. And what I mean by social communities are groups of people who interact with each other, who live in a given place. That might be, as many of us pointing out toward the end, different by race and class. Often the trajectories we see are very different for black Americans and white Americans, Hispanic Americans, low income folks, high income folks who are living in exactly the same place. And so what that suggests is a place based focus can be very valuable. But I think we need to go further and really understand why at the community level, within places, things are improving or not improving. That's really the key unit of change. Finally, what kind of change, what kind of policy intervention can really make a difference?

This study does not, you know, point to specific interventions that are most successful. But I think a take away from that last set of results that when he was presenting on the importance of social interaction as a key mechanism, is very aligned with the view from this research and other research that our team and others have done, that social capital is an extremely important determinant of economic mobility. In addition to the traditional focus in the policy sphere on financial capital, giving people cash grants or loans, things like that, and human capital trying to give people access to education and going beyond the study. I think this point about the importance of social capital is actually very consistent with an emerging and growing body of evidence that the most effective programs in a broad range of domains, from housing vouchers to job training programs to higher education, often combine a social capital element where you're connecting people with a different network, with someone who can help them find housing in a different neighborhood, etc., in addition to providing financial resources or educational resources. And I think that's a broad policy takeaway for all of us to think about, because I think too often the focus is solely on dollars or on human capital issues, and not enough on the broader social context.

That really seems critical in terms of impact. Now, as I've emphasized, I think these are some broad lessons, but they don't necessarily tell us where exactly we need to intervene or what exactly we should do to improve mobility going forward and sort of support the field in order to do that going forward. We'd like to invite all of you to engage with these data. And to do that, we've made publicly available through the Opportunity Atlas, which you can visit at our website, opportunity atlas.org. The data that we've been presenting in this talk today, county level measures of changes and economic opportunity by race, by class, by gender, to give you a flavor of what that data look like. Here's a table showing the five cities among the 50 largest cities in America, where economic mobility has improved the most.

You see places like Brownsville and Austin. And interestingly, Charlotte, North Carolina, which you'll recall was 50th out of 50 in our 2014 study, but is now among the cities that is improving most rapidly in terms of economic mobility. Very encouraging news there. Yet at the other end of the spectrum, unfortunately, there are cities where economic mobility is declining quite substantially. Philadelphia, for example, ranking 50th out of the 50 largest cities in America in terms of changes in economic mobility, the largest declines, unfortunately, in terms of children's access to opportunity. Now, you can explore these data for your own community in what we hope will be a very rich and informative way. And so to illustrate that, I'm going to quickly show you this opportunity Atlas website, which again you can go to Opportunity Atlas Dawg. And just to give you a quick sense of how this works. You can type in any city, any area of interest.

I'm going to type in Charlotte, North Carolina, which we've discussed a couple of times here, and we're going to zoom in and look at the data for Charlotte. And what you can see is that Charlotte appears in this map in a blue green color, indicating that economic opportunity is improving there, consistent with that ranking in the top five list that I just showed. Now, what you can do with this tool, and this is where we're hoping it can be a useful resource for policymakers, practitioners and researchers in the field is not just look at the data for any one place in isolation, but if you click down here on trend and gap analysis, you can compare what's happening in Charlotte across subgroups to other places and so on and so on. So to give you a sense, you know, here, we're just looking at the data for Charlotte, where we're seeing an improvement in economic opportunity overall, a 4.6% gain. This is pulling kids of all racial and ethnic backgrounds.

What we can do with this tool is look at different subgroups. I'm going to click on black for example. And you can see that black kids in Charlotte in particular, we're seeing quite significant improvements in economic mobility for them relative to the US as a whole. You know a 16% gain. But that is not universal by any means. So what you can do with this tool is compare Charlotte to other, you know, maybe similar peer cities. I'm going to select here Fulton County, Georgia, Atlanta, Georgia, which ranked 49th out of 50th in our list of economic mobility back in 2014. And if you look at the patterns for Atlanta, you can see that they were extremely different from Charlotte in Charlotte. We see a big improvement in outcomes for black kids in Atlanta. Unfortunately, there's actually been some deterioration over that same period.

And those kinds of comparisons we hope can help us start to think about what changed, what was so different about the experience in Charlotte versus Atlanta, which started out in very similar situations? What can we learn from that? And most importantly, what can we do to increase economic opportunity in these cities and beyond going forward? So with that, let me turn it over to the panel. I hope we'll have more to say about that issue. And thank you all very much.

WOZNIAK: Fantastic. Thanks, Raj. Thanks, Benny. That was really clear. Gave us all a lot to think about. I know our panelists have already spent some time thinking about this work, and so I want to begin by opening it up to the folks who, have joined us today to provide some of their reactions. To give us a little bit of a high level of what are the pieces you're taking away from this? What resonated with you? What questions did you have, maybe from the previous work that you were excited to see answered? What are those things that you're going to take with you from today? And I think, if that's all right, Sherri, I'd like to start with you. In particular, because the tool, is, first of all, Raj highlighted, some of the success that, you saw in those cohorts in Charlotte in particular. And it's also a tool that is being made available to folks doing the work, that you're doing as well and leading on opportunity. So, we'd like to hear more about what you're going to take away from today.

CHISHOLM: Thanks, Abbie. Thank you, Brookings and Opportunity Insights for happiness. I am thrilled to be able to provide a local perspective. So, Raj has told us that, you know, in many ways, Charlotte responded, unlike any other community, I think, because unlike any other community, we were 50 out of 50. And so in a vibrant community like Charlotte, for some of us that was a wakeup call. For others of us, it was the acknowledgment that folks had been waiting for. And so now, you know, as we compare what we saw in 2014 to 2024, we are incredibly excited, as Raj said, and, far fewer years than we imagined. We have made progress going up 12 points and seeing our progress be among the top of cities who've made significant gains. So this we see as a moment to celebrate and acknowledge and the encouragement to keep going.

As Benny and Raj lifted up the work that we're doing today, we will see evidence of several years from now. And so Charlotte is excited about what we have going on now. It's thinking about how will we continue this work in a smarter and more effective way for the next generation, and also address the real reality that folks who are living in poverty in 2014 and 2024, many of them are still trying to figure out how they can get safe, affordable housing or how they can get access to childcare. So both, you know, recognizing, the progress we've made while also making sure we're staying attuned to the needs of our community right now.

WOZNIAK: Awesome. And I would like to get, as we come to the end of the conversation, we'll get there. But hear more about exactly what you've been doing in Charlotte as we start to connect this back to next steps. But we'll get there eventually. We'll circle around to that. Want to hear from Xav as well? And then maybe turn it over to you, Robert.

BRIGGS: Abbie, it's great to be with all of you. First of all, huge kudos not only to the research team, but to Sherri and her partners in Charlotte. This is immensely important work and the news she just shared. And Raj and Benny, you know, sort of displayed, looking across the country ought to inspire others, to know that this is it is doable. Creating positive gains. That is a narrowing, mobility gaps. That said, a couple of things jump out for me. And this first, may sound like a like a nerdy side, but bear with me. I don't think it is one of the things that seems to me the team is reminding us here is the power of combining different sources of data and how immensely important that is. The team is linked, of course, tax records, over a long period of time.

And a huge number of them. To, to geography to place. And we've come to expect the Opportunity Insights team to be able to generate really unique insights, powerful insights with that alone. But then the power of, I'll put it in a simple way, layering on or bringing in the Facebook data to dig into why, these patterns, you know, may be taking shape, over time, I think is immensely important, too. So saying that as someone who's not only worked in the world of research and trying to be helpful to policymakers and business leaders and community leaders and others, but also who has served in government. In the hard work of designing policy and implementing it and so on. There's a tremendous, tremendous power in having that greater range of data, that greater ability to sort of pinpoint what's going on. A couple of things jump out in the findings themselves, and I'll be very brief. There are lots of findings here, as Benny, I think, acknowledge, there's a lot to tease out. One, I think it's, tremendously important and not least because it's, election season. To see this study is offering a kind of corrective. And Raj rested atop the last slide.

The team showed there certain things about, economic opportunity or economic opportunity, at least measured in certain dimensions, can change in a remarkably short period of time. And that, it seems to me, as a corrective to the conception frequently in our public life, you know, that our challenges are so deep and entrenched and persistent it will take generations to change anything. This is a reminder that's not the not the case. That said, there also are signs here that corroborate a broader story that's emerged, in research over the last 25, 30 years now.

And that is, even as racial segregation in a number of ways, relating this to the racial gaps, the team has found, even as racial segregation has gone down somewhat from certain highs, in the 70s and 80s, economic segregation has grown, in America, and it's grown within all racial groups, by the way. And that is the tendency of people of different income levels and levels of educational attainment to live apart and to have their kids schooled in different environments. And that turns out to be true again, in every racial group. It's a very, very powerful and problematic, pattern. And the team is shedding more light on that. I think that's a piece of what we're seeing, in these data. And the final thing I'll say is that I think there are a bunch of, potential implications here.

Appreciate the team underlining, you know, the importance of what seem to be social connections, social interaction, dynamics. It seems to me, if I think about what regional leaders are grappling with around the country right now, and I'm in conversation with many as we invest in advanced manufacturing and infrastructure and skill trades on a level we haven't done in half a century. Many are asking exactly this question what works to really create linkages, especially to those places and or subgroups within them who have been disconnected from opportunity, whose fortunes have been declined or they've not fully surged forward? Even if we're bringing, you know, new manufacturing jobs, new investments in infrastructure to a place, how do we maximize the value of all that? And I think that's absolutely fantastic.

And the very last thing I'll say is that I think we, we see that it's difficult to bring certain kinds of strategies, like two generation strategies to scale. Or put it this way, we haven't chosen yet as a country to do that in a consistent way, and we ought to do more. But in spite of that, I do think we learned a lot some of it years ago when Bill Wilson's work was also inspiring, you know, interventions to deal with geographically concentrated joblessness. We learned some things that we can apply now using findings like these. And that makes me hopeful as well. Back to you.

WOZNIAK: Thank you. And, Robert, I'm going to bring you in. Before I do that, I just want to let folks know that you can send in questions. I know the invitation contained information on that. I know the Brookings team is watching social media. You can submit them there. And we will be getting to those after we hear a little bit more from our reaction panel. I'll also be pulling in some questions that folks submitted at their registration. So, if you signed up and asked something, you might be hearing about it in a few minutes. Robert, what are you taking away from today's work?

DOAR: Well, there's a lot there. And the first thing I want to say is just how grateful I am to Raj and Benny and their team for doing this work and using administrative data in a way that gives us a clearer picture or a different picture, or maybe a better picture than what we get from census or survey data, which we often rely on in these studies. And I think there's even more administrative data that they could access or others could access that could fill out the picture even better. I love the tribute to William Julius Wilson, who also wrote a book called The Declining Significance of Race. And this paper could have been titled that as well. But the thing that I take most clear from it is the, importance, in the debate about what helps kids. There's been a discussion about resources or financial benefits or other kinds of benefits associated with employment in the household or in the community, and they both bring income.

But there seems to be some sense among many of us that employment is something more than just, the resources that come from income. There's an interaction, there's a connection, there's a community wide benefit. And I think this report confirms that, that there is a real significance and importance to employment in the community for kids, for their future upward mobility, and that that importance would make you less focused on just transfer payments or cash benefits. And, and I think that would also lead you to be a little skeptical of cash transfer or payment or transfer payments that don't have a work connection, and that might discourage work. And so, you know, I, I did have a thought as I was reviewing the material, that crediting William Julius Wilson is a great thing. But, you know, Brookings had a scholar, Ron Haskins wrote a book called Work Over Welfare.

And there's a little bit of the story of what happened post welfare reform depicted here as work rates and work participation rates for families who were in poor households increased as a result of the emphasis on work in that, in that, in that policy change. So I, those are the things that I think have come most to me. I also completely agree with the last panelist remark about the importance of integration, and having people of different economic status closer together and how that benefits the those who are lower income.

You don't necessarily have to move people to a community where there more jobs are in order to see their child's prospects increase. You could also bring those opportunities and activities into that community. And that leads me to the last point I would make. And that is what's still to be studied. And I haven't had time to really look at it, is this geographical distinctions is so important. First, for the reason that was clear in the first presentation, which is communities that don't look like they're doing so well have to sit up and say, what can I do to improve? And that's really important. Comparing each other to others helps us improve. Sometimes people like to blur distinctions. Raj and his team don't do that. They show the facts about different communities. But there is something going on between communities and the way they are set up.

Their emphasis on employment, their emphasis on economic development, their emphasis on less regulation. So more businesses and more opportunities to, have higher people and employ people increase where that may be a better approach to helping low income kids have higher opportunity in the future than efforts that, only, provide transfer payments into the household. So I, I think there's a lot more to be done there. There's also an urban rural issue going on in addition to a, white black thing going on. And I just I just can't wait to do more analysis of it and see, for instance, distinctions between, say, Philadelphia and Brownsville, Texas, what's what, what what's happened in those 2 to 2 different places to lead to such different outcomes over the past period of time.

WOZNIAK: Thank you. Yeah, I know we are all eager to look at it in more detail. So, Xav, you mentioned, nerdy details. And I think, with just a little risk that that entails. I wanted to spend, the next couple of minutes giving us a chance to wade into those a tiny bit. And to put a couple questions to Raj that maybe all of us have. We won't, you know, we won't go kind of full academic here, but I think there are a lot of questions one can ask or potentially, limitations to ask about. And I wanted to provide an opportunity, for folks here to do that. So, I think maybe I'll take the moderator prerogative to, to kick that off, but then I'll turn it back over to our reaction panelists. And I wanted to build share on something you mentioned, which is seeing the effects of the investments you're making today, in the future. That really calls out, where the data in this particular resource end.

And so, Raj, I wonder if you could speak to that a little bit. How much do you want folks to be taking, the results that you have now, which, as you mentioned, tell us about folks who grew up in the late 90s and the early 2000? Not about folks who were born after the Great Recession. Who are teenagers right now. How much do you want folks to take those into their communities today versus try to update somehow with what they know?

CHETTY: Yes. So thanks so much, Abbie, for raising that. So, you know, that I think is one of the fundamental issues that makes studying economic mobility hard, that it's a process that is slow moving. And fundamentally, you have to wait for people to grow up to be able to measure their earnings as adults and see how today's teenagers, you know, what is their upward mobility going to look like? We're really going to know only in 15 years once they have possibly gone to college, you know, entered the labor market and so on. So that's kind of a deep inherent problem in this field. So where does that leave us? The reason our analysis ends in 1992 for kids born in 1992. Growing up in the 2000, as you said, is they are just old enough, the reaching around age 30 now when we can measure their incomes reliably.

So that's why we are able to make statements about that group. But the way I look at it from a statistical point of view is we want to understand what these trends look like for kids growing up. Now, we can't see their incomes directly, but are there maybe some early predictors and statistics you'd call those surrogates early indicators of these later outcomes. So to give an example that many showed the data that he briefly displayed on SAT scores, you can obviously measure SAT and SAT scores well before you can measure earnings at the end of high school. And we are seeing very similar patterns, even extending into more recent birth cohorts with those test score measures, which suggest to us that these trends that we've shown for kids born between 78 and 1992, they're going to continue at least as far as we're able to tell, you know, for the more recent cohorts who have reached age 18, even if they've not reached age 30 yet.

Now, does that mean it's going to continue in exactly the same way for kids? You know, growing up now, I don't think anyone can say for sure. As we've seen from these data, things can change relatively rapidly. So I certainly would not want to stake a claim. I don't like making projections in general. As you know, economists tend to have a poor record in making predictions. And I would not predict in this context that we're going to see necessarily exactly the same trend trends going forward. But I think that's where we are, that this is a significant trend over a couple of decades. And it seems to be borne out where we have, earlier data as well.

WOZNIAK: Thank you. Xav, I was wondering, what other questions you would want to put to the team or. Or kind of what did you feel, what might have been left out here? What's the extra thread you'd like to pull up?

BRIGGS: Abbie. Thank you. Raj and Benny, I am wondering about gaps, per se, and let me just state the obvious. You know, as a kind of preface for this question, a gap can narrow. As two groups do better. Or it can narrow because one starts to do better and the other's fortunes decline somewhat. And you show that, in part of your findings. I wonder if I could ask you to say more about what we should make of that. And, I don't mean to belabor this question, but I guess bear with me in in my simple mind, I'm thinking, are you inviting us to think of this as two side by side movies where it's not that, you know, one is gaining at the other's expense? And Benny made that point. Did you make it in the research? But rather different fortunes are playing out, and we ought to care, of course, about both and pay attention to where those needles are moving and how we learn from both, without creating some sense of rivalry which can infect our politics and really get in the way of effective policy response. How should we think about it?

CHETTY: Yeah, great questions of thanks for elevating that. So let me maybe take that in a couple of steps. So first just to say what has happened descriptively as Benny showed and to underscore again, I think the racial gaps have narrowed for both of the reasons you mentioned. Black kids are doing better, particularly in their chances of escaping poverty, not so much in their chances of reaching the upper middle class where we don't see much change. So I want to be clear about that. There's some progress, but not sort of complete, gains across the spectrum. At the same time, white kids growing up in low income families are doing significantly worse.

And so that white of black gap among kids born to low income parents, it's kind of a 5050 story. Both of those forces are contributing to the narrowing of the gap that we're seeing, where half of it is coming from, black kids doing better and something like half of it is coming from, unfortunately, low income white kids doing worse in terms of their prospects. Now going to the later part of your question, why is this happening? Are these two completely different trends or are they part of the same story? Our strong sense is they are, maybe surprisingly, given the fact that they're going in opposite directions, actually part of the same story. And that was illustrated by that single line, what Bennie called a one factor model, the fact that all of the data for both black and white kids can be explained by changes in parental employment rates, as Robert has been emphasizing. That is true across both of these communities.

It's true across all of these areas. There's in some sense, a common story, a single movie, as you put it, that describes what's happening for all these groups. The difference is that the upstream evolution of employment rates in the parents' generation has been very different for white Americans, lower income white Americans in particular, relative to black Americans. As we all know, white Americans with lower levels of education have suffered from, lower levels of employment, partly because of outsourcing of jobs and global competition and changes in technology and so on, and the jobs that white Americans often held. You know, maybe you worked at the steel plant or the auto manufacturing plant. You know, those jobs are no longer available to you as readily for black Americans who were partly in different sectors, maybe didn't have access to those same jobs to begin with, experienced other changes like civil rights legislation and other forms of progress that led to increases in black employment that is now played out very differently across generations, for black kids as a result. So I think it's really all part of the same story, but different evolution of shocks and changes in policies and the global context for these different groups.

WOZNIAK: Sherri, Robert, what kind of questions would you like to jump in with?

DOAR: Well, I, but there's just so much. I was fascinated by the chart that showed, different outcomes for black versus white kids, and, and it looked like even in black communities where the economic opportunities were not that great, the employments was on the left hand side of zero. We're doing better. And I wondered, so that might have be something more than just general economic conditions. Something else could be at play. So that was one question. I'd love to know more about that. A second is the chart that revealed kids born in the bottom quintile and how they did. You use the chart, how they did to get to the top? I'd love to see that. From the different time frames. But for the entire spectrum of change. How many got to the top? How many got to the second quintile? Third quintile all the way down for black versus white? Or. It would be very interesting to see that. I'd love to know that. And then the last thing and this was one that is, you know, we're looking at the outcomes for kids born in poor families late in life.

And you're relying only on pretax income. I think pretax pre benefit income. And so many Americans combine a work with other forms of assistance to come from a government. And I just wonder whether the ultimate outcomes for those households might be even better for than they are revealed by you relying only on earnings. And because it's possible that families from African-American communities might have been more exposed to the benefits of the work support system for a variety of reasons, that the gap narrows even more when you do post tax post transfer income at that point. So and I and I guess my last question is, do you have you expanded your admin data sources to sources outside of IRS? Can you merge that data in your current study where you where you are now?

CHETTY: That's a great set of questions. Let me maybe briefly touch on a couple of things. So I'll take the second one first, because I think it actually relates to the answers to some of the other things on where are people going? So when we say the persistence of poverty is falling and your odds of reaching the top fifth have not changed, when you're doing rankings like this, everything has got to add up, right? And so if you're less likely to remain in the bottom fifth, you're not more likely to end up in the top fifth. Clearly, you have to be more likely to end up in the middle class. So basically what's happening is that black kids born in 1978, if you were born to a family in the bottom fifth of the income distribution, you had a very high chance, a 40% chance of remaining in the bottom 50 or so that is now fallen to about 24%.

And that's largely because you have a better chance of ending up in the second, fifth or the third fifth, like basically the middle class, right? Some more black kids are making it to the middle class, not to the upper end of the income distribution. Now you'll notice that in that analysis, in much of our analysis we focus on ranks. So where you are ranking in terms of percentiles in the income distribution relative to other people born in the same year. And this, Robert, I think, actually relates to your next question of what would happen if we used post tax and transfer income as opposed to pretax income. You're absolutely right that right now we are using pretax measures of income. It turns out, however, that if you've got a tax and transfer system, that doesn't change people's rankings. So if I was earning more than you do on a pretax basis, as long as after taxes and transfers, I'm still earning more than you.

Then those statements I just made about where your ranks are not going to change. Now, our tax and transfer system doesn't perfectly preserve rankings, but it's fairly close. And to my instinct is the big picture. Confusions are not going to be dramatically different. But we would invite other scholars to, you know, investigate that that further. And that segways nicely to your last question about, you know, the analyzes one is able to do is, of course, dependent upon the data one has access to. We are lucky to be able to collaborate with researchers at the Census Bureau, have the support of people at the Treasury and IRS to use anonymized data from tax returns, linked to, importantly, to the census, which is how you get information on race and ethnicity and so on. And additionally, now, you know, capacity to link to other data sources.

You noticed we talked about information from the SAT and Act and so on. That can really enrich the picture. As Zach was emphasizing one direction I would see. And I think a scholar who's really making nice progress here is Bruce Meyer at the University of Chicago, is linking in additional data sources to measure taxes and transfers in a much richer way, which can help us complete that picture and substantiate some of the conclusions you were talking about at the end.

WOZNIAK: Thanks, Raj. And I want to give just a short opportunity before Sherri jumps in for you to explain how that linking happens. I almost don't think we can repeat that message too often, so that folks understand how their data is being used by these statistical agencies. Do you mind just taking, 30s to explain that if folks don't know?

CHETTY: Yeah, absolutely. I mean, that is very important. I think we all care a great deal about privacy. And, that's of paramount importance in the work that we do here, what we're doing and what the Census Bureau and IRS are doing is taking information from people's tax returns and census data and so on, creating scrambled identifiers so that you don't have the identifying information for any one person, but you have a scrambled ID that you then use to link these different data sets. And then when we as researchers work with the data, we're working with completely anonymized data and secure environments where we ultimately release statistics, often with, what's called the differential privacy protocol and computer science, basically statistical guarantees of privacy so that any information that's released we have high confidence cannot identify any one person's data. So it's all being done in a way where we can learn useful information to guide policy, to have conversations like this, but absolutely respecting each individual's privacy.

WOZNIAK: Thanks for that. Sherri, what would folks in Charlotte like to know? You think, about this study?

CHISHOLM: First, I want to start with the reaction to some of the comments and then, going to the question. Race has come up and I'm so glad that it has in such a robust way. I will say that I was surprised to see that, black income had grown and white has stayed the same or decrease, although we know that that is not the case here in Charlotte, we do find those trends, proving that we all can achieve success together. And I think it's important to make sure that that is the message that is carried through. I think in the past or sometimes folks believe that white, or black success means white loss. And that's just not true. And we have examples of that here.

And, you know, as a result of the civil rights movement, so many other communities, women, immigrants, LGBTQ, all as a result of looking at the most disenfranchised so very thankful for Raj is very, thoughtful analysis of that. And then it brings me to a question that we receive often here at leading on opportunity and leading on opportunity.

And Charlotte is, gratitude for the acknowledgment that, that slavery or Jim Crow has had on the impacts of success here from marginalized groups. But then a real wondering around where is the Latino Latinx population represented, given that it's 15% of our population now? And so it would be helpful if you could talk about why that information is hard to gather and what policies may be of benefit to you as you grow your data sets.

CHETTY: Yes. Thanks very much, Sherri. So first, I just want to echo the point you made initially, which I absolutely agree with, and others have brought up that this is definitely not a zero sum game. It's not that when one group gets and the other group falls behind. And I think that's manifested in so many different ways. So it connects to the comments Robert was making about the importance of taxes and transfers and other resources. When one community starts to do better, that's fewer transfer payments, that's less support that everyone else has to provide for that community. When you have lower incarceration rates, which we see in the data, as kids are starting to have higher employment rates and be more active economically, that is, of course, savings for all of society. When you have people doing better, we show in other work they're more likely to start businesses that provide jobs.

For many other folks, they're more likely to discover new things that lead to innovations that help all of society. This is something we're all in together, and I think that's an extremely important message to carry forward. On the point about other subgroups, we didn't emphasize the data for the Latino population, for Asian Americans, for Native Americans, not because we don't have those data, but simply because it turns out the sharpest trends, the sharpest changes that we've seen in the past 15 years in the US are for white and black Americans, for the other groups. On average, there hasn't been as dramatic a change. Now, as you underscored, that's a national statement. It's a statement about the nation as a whole on average. The power of these data. And this is where we invite all of you to explore your own communities in greater detail, is that that story may be very different in Charlotte, maybe very different in Philadelphia.

You know, Hispanic folks in some places in Brownsville, Texas, have started to do quite a bit better. And so understanding the nuance at that level, at some, at some level, for me, that's the power of big data. It's no longer one size fits all economics. It's about actually doing things in a way that matters for a local community. And all of that data is there, I'm sure. And, you know, I hope people will explore it through the Opportunity Atlas and through other data.

WOZNIAK: And sure, that was a great connection to questions from some of the folks who wrote in both were getting some questions coming in, from folks who are watching right now, and folks have been had questions in advance when they registered. So one of them was about, communities, of color other than black Americans and how those folks fit into the analysis in this project. So hopefully folks feel that's answered. But I know there's more that can be explored in the paper. Given that I want to move to, a couple of other questions that came in. One is about, basically the role of social networks. And so the question said the following. This study suggests that the relationship between children's outcomes and parental employment rates is mediated by social interaction. But today children have social interactions, that are very different from the cohorts who studied. In particular. They spend a lot of time, on technology and the internet. So do you think that in-person peer interactions are important? How do you think the virtual connections are shaping this? And then invite our panelists. If you have something very closely related, feel free to put your hand up and I'll try to pull you in as well.

CHETTY: Yeah. Thanks, Abbie. That's a that's a great question. And my view is this that the online, forum of interaction provides an opportunity, but no guarantee that we would address some of the issues of segregation that we've brought up, various times. So what I mean by that is that one of the challenges, one way to interpret these data is that who you interact with really matters. Traditionally, who you interact with is greatly determined by the physical location you're in. Because our cities tend to be very segregated, you tend to interact with people like you in terms of race and class, and that can have implications for the economic opportunities you have now in the online era, you would think that kind of breaks the boundaries of physical location.

You can now connect with somebody on the other side of the country, anywhere in the world. In principle, you've broken down this barrier and that can lead to much more diverse interactions. But I think there is potential for that. That doesn't necessarily happen automatically. If you look at studies and how of how people are interacting online relative to how they're interacting in person, you actually often see more segregation in terms of the types of contacts people are making online. And that's because I think there's no inherent mechanism that necessarily leads you to connect with people from a different background. So the reason I say that that potentially creates an opportunity is perhaps we can be creative about how we use modern technology to try to connect people, who otherwise would not have connected. But I think it would require a deliberate effort to think carefully about how one cultivates those communities, tries to create some common ground that actually makes people want to interact, find something in common, etc. others have thoughts on how to do that.

BRIGGS: Abbie, could I jump in. Just to build directly on that. On one hand I think Raj and Benny are you know, it's stressing something very, very important here that we shouldn't simply conflate. A kids neighborhood with their social world if they're not one in the same. We're not for many kids, in any event. Yes. Neighborhood of residence is a very powerful predictor of what school you attend and other things. It doesn't mean that these two things are one and the same. Networks are tremendously important. And, when it comes to doing some of that, bridging that, that Raj was, was talking about, yes. To being intentional. Lots of evidence, Raj, to corroborate what you just said. Yes. To, you know, being intentional about bridging, especially kids from different backgrounds. There is this powerful birds of a feather finding, you know, it does not go away. It is one of those just ancient roots of humanity and race class.

And in some communities, religious affiliation, by the way, tend to be the biggest predictors of the shape of your social networks, who you interact with sort of most readily and most often. All of that said, to the question that was asked, by, you know, member of the audience, I think we have growing evidence that there is something about the complementarity of, interactions in real life interactions that are not only online, in other words, complemented by the digital, interactions, that make for the best of kind of old world analog relationship building, the formation of trust, the learning of things, the transmitting of ideas about everything from what a career could look like for you if no one in your family, you know, has any experience with that career, but your friend does, two other sorts of things that networks can help to give you, sort of, you know, shorthanded by that word, social capital, some of those resources can flow through those, those networks as opposed to come in the form of, of financial capital. So it's kind of it's, it's in real life, complemented by digital seems to be some of the most powerful for producing these kinds of effects that we're talking about now, distinct from other kinds of things that people may seek online.

WOZNIAK: Yeah, that's really helpful.

DOAR: Can I ask one other question of Raj and the team?

WOZNIAK: Yes, then Robert, then I'm going to get in one or maybe two more from the audience. Go for it.

DOAR: There are other groups that we'd be interested to know about Raj. Like men versus women, white men, white women, black men, black women, and also, children raised in single parent households and versus children raised in married households. Do you have data on that?

CHETTY: Yes. Thank you for asking that, Robert. All of that data is now in the public domain as well. So you can look into opportunity, adolescent quick by gender, just like you can click by race and ethnicity and parental income. Brief summary some of the patterns are more accentuated for men than for women. Some of you may be aware of the work of Richard Greaves, who's written quite a bit about the challenges that boys and white men in particular in many contexts, are facing in America. And we see very sharp declines in employment for white men growing up in low income families, sharper than what you see for white women. And so this is another case where some of those challenges are being manifested on the issue of single parents and married parents. Similar trends for both of those groups.

But another chart that Benny briefly put up, there is a strong connection to rates of marriage at the community level, just like there's a strong connection to rates of employment at the community level. And that is a pattern we've again repeatedly found in our studies very strong correlations between kids outcomes and the fraction of married parents in an area. Not personally whether your own parents are married or not. But again, this community level factor that seems very predictive. And I think that is something we need to understand better and understand what that means for policy, how we can change things, and so on.

WOZNIAK: So a couple of folks, both in the chat and the submitted questions just now, but also earlier, wanted to know a little bit more about the role of big shocks. And you, you came to that, Raj, I think towards the end of some of your discussion, I wanted to come back to that because it, you know, I think it's a logical thing that that people think of. It's something you push back against a bit in the project because you're focused on, all of the changes that occur in different directions within a small geographic area. But it seems worth revisiting. So folks had asked in particular about, basically the long U.S domestic energy boom potentially being a driver of what you see in that northern central part of the United States where we are. Someone in the chat had asked about, graduating into the Great Recession.

And then even in the one of the first figures Benny showed, you see a big change for black children of low income parents in the first five cohorts you examined. That's where a lot of the change happens, then, much less change. That looks like a big shock of some kind. Something that played out differently for, white children of low income parents where the change was more gradual. So can you talk a bit about, you know, what do you think the role of big shocks is versus other more, ineffable local conditions?

CHETTY: Yeah. So, Abbie, no doubt, you know, big shocks or macro shocks and other way to put it, you know, certainly matter. A couple of things I think are helpful, nuances in the data and understanding how they might play out. So first, a lot of the variation that we see most of it is across cohorts rather than calendar years. So you'll notice that the way we organize the data was by the year in which the child was born. Basically, when people are growing up, not the exact year in which we're measuring their income. It turns out if you measure someone's income when they're 27, when they're 30, in a fixed calendar year, you broadly get very similar patterns across the cohorts that we're examining.

So what that points to is what really seems to matter is the environment in which you're growing up, not the exact macroeconomic conditions that you happen to enter the labor market right after the Great Recession, or right after a boom in your particular town, the fracking boom, etc. it's something deeper about the environment in which you're growing up that's changing over time. Now, as you noted, those changes are not completely linear. So in other words, you know, for black kids, we saw a much steeper increase in the early cohorts than in the later cohorts. That could be about changes in environments that were occurring more rapidly in those early cohorts than the later cohorts. Clearly, something common has occurred at the national level in order to see these systematic trends for black Americans across many places.

It can't just be that there were random things happening in one place and not another place that wouldn't average out to positive progress overall in the US for Black Americans. So there have to be, at some level, broader aggregate trends that are driving this. Our story is that part of what's changed, you know, going back to the relationships with employment rates and the prior generation and so on, is that those things changed differentially at the macro level for black Americans and for white Americans because of factors that we don't directly exploring this paper. But there's been a vast literature on things like trade with China that has affected certain regions and certain types of jobs often held by white Americans. You know, changes in, as I mentioned earlier, civil rights or, access to jobs for black Americans. There are other broader factors that then end up playing out, we think, across communities in America and create that community level change.

WOZNIAK: Thanks. There were other great questions as well, and I'm sorry we don't have time to get to all of them, but I want to give our panelists a chance to, give us kind of a takeaway here. A few folks have touched on how you're going to use this information, going forward. And, actually, Sherri, I think I wanted to return to you and, and ask about how you're going to use this information to inform, choices you might make at leading on opportunity or, how do you plan to take this forward to, point the way for policy?

CHISHOLM: Thank you. I would start by saying, I hope we don't get caught up in the ranking. Like the ranking is certainly good information for us. It creates a level of energy to continue the work. But the evidence of progress we're seeing in this 2024 study is a result of the good work community leaders were doing in the early 2000. So I want to I want to make sure to acknowledge, the folks on the ground here in Charlotte who are doing this work. Before there was language around economic mobility. And for folks who, from families like myself who intuitively know that you need to get to a better opportunity for you and for your children. I'm the grandchild of the Great Migration. And so as a result of some changes my grandparents made, I am now in a much better, position. So just remind folks of the long work that is required.

And, I think what we're asking ourselves here at leading on opportunity as, the mom of a three year old working with folks who have children as well is what kind of America do we want to live in? And then what does that mean for what we're doing today, both in terms of the programs we're implementing, the funding we're giving, and then, of course, the policy we're instituting that will certainly outlive all of us. How are we making sure to that? We look at things like housing and childcare, at a local level to make sure we have something sustainable for children in the future.

WOZNIAK: Thank you. Robert, I know you've already touched on some policy areas that you'll use this to inform. Do you want to kind of summarize that for us?

DOAR: Well, yeah. As you when you introduced me, you pointed out that I was the commissioner of social services in New York City. And when I was in that position, our focus was despite the fact that we were a provider of benefit and aid, we were always focused on the labor market and on the benefits of work for struggling families at the bottom of the income spectrum. And I think this work will help us continue to reinforce the importance of the labor market for people that struggle the most in America, and getting people into the labor force and into work, not just for the income benefits, but for those social benefits that come with raising a child in a household where work is around and clearly visible all the time. I should say that, you know, the Federal Reserve, the institution you work at, is going to make a decision soon. Maybe it's time to cut interest rates so that we can keep the labor market as strong as it has been. Maybe some of my scholars will make that argument as well. I don't know, they don't do what I tell them, but I will be always focused on employment.

WOZNIAK: So I absolutely am not going to weigh in on that. And, I'm going to remind folks that my role today here, does not reflect the views of the Federal Reserve. But, Xav, I wanted to hear from you as well. Kind of what takeaways do you hope that policymakers carry forward with this?

BRIGGS: Abbie, two, two things. Most of all, I think on one hand, you know, we have a reminder in the point that Raj made just a few minutes ago. There are signs here that, you know, policy decisions, actions that affect entire groups of people, black people, whites, others, in many regions matter and will continue to matter. Things like civil rights protections and enforcement of same efforts to reform major institutional arenas in our society like banking, financial services, thinking about rules in the Federal Reserve, for example. They matter in lots of places. And for multiple groups of people. And I suspect that will continue to be true for a long time.

By the same token. Thought number two, I hope policymakers and others will, read this closely and take to heart. The advice, you know, about how we can bring a more sophisticated lens thinking about Robert's former, roles, maybe, in social services and in benefits delivery. You would call it figuring out the last mile. Often the last mile is the most crucial mile. It's understanding that people you're trying to, support and help are embedded in networks that are connected to particular kinds of organizations, maybe faith based, maybe not an understanding that gives you a whole other level, of efficacy and effectiveness for maximizing employment access, the beneficial effects of employment on kids on the next generation. So I'm sitting with that, and I hope others will really hear that and act on it.

WOZNIAK: Thank you. Sherri, Robert, Xav. Thank you for chiming in. Sharing your thoughts, Raj, Benny and your team. All 25 of them, or however many were in the notes. Thanks for the excellent work and lots to think about and lots to use as we go forward. And thanks to our audience for joining today.