[ACOUSTIC MUSIC]

Today, we're joined by economist John Friedman, whose work focuses on health care, taxation, retirement, and education quality. Most recently, he is a co-author of a study called *Mobility Report Cards, The Role of Colleges in Intergenerational Mobility.* Friedman and a team of researchers looked at huge amounts of data to explore what role colleges can and do play in helping people realize at least part of the American dream-- upward financial mobility.

From Brown University's Watson Institute for International and Public Affairs, this is *Trending Globally.* I'm your host, Sarah Baldwin. Thanks for being here today, John.

It's a pleasure to be here. Thanks for having me.

The report cards-- the study was published by the Equality of Opportunity Project that you're one of three researchers in, I believe?

That's correct.

Can you tell us a little bit about that?

Sure. So as we've seen over the past three or four decades, there's been a rising amount of income inequality in the United States. And that's led many people to be concerned about whether we are straying away from the type of society that's embodied in the American dream, which is that kids, no matter what their background, should have the opportunity to do great things in the world.

And so what the project is a consortium of the three researchers trying to use big data to understand problems of social mobility and specifically try to understand, what can we do to enhance upward mobility for kids that come from disadvantaged families?

And so just to give you the type of motivating statistic that we've seen in our work, in the United States, a child born to a family that is in the bottom fifth of the income distribution, that child has only about an 8% chance of themselves landing in the top fifth of the income distribution when they grow up. It's kind of the Horatio Alger bottom-to-top success story. And 8%, is that large or that small? Turns out the similar statistic in Canada is 13%.

Oh, wow.

And so it seems as though there's substantially more potential for the American dream in Canada than there is in

the United States. And so--

Can we just pause and sort of define what the bottom fifth is and what the top fifth is in terms of annual income?

Sure. So just to give you a specific example, a lot of the data that we'll talk about today and a lot of the work that's been done in the project more generally has focused on kids who were born in the 1980 cohort. So kids born 37 years ago, we measured their parents' income when they were growing up. And we're talking about people in the bottom fifth that have average household income over five years less than about $25,000. And that's in current today's dollars.

And the top?

The top 20% of parents are people making more than about $110,000. For kids, of course, it's not going to be quite as much. So for kids, both because there's only one of them sometimes and we're measuring income at a younger age, so getting in the top fifth for kids might mean earning more than about $60,000 in their mid-30s.

In their mid-30s. OK, thank you. So before we get too far down this road of college being important as an assumption, is it really that important? Is a college education in America-- does it still have value? I don't know that it's worth $300,000. But does it have demonstrable benefits?

Yeah, so I think that what research we've seen points to college being just an incredibly important opportunity for kids to enhance their long-term outcomes. So part of the growing inequality in America is reflected between the average salaries of people who go to college and people who don't go to college. And that gap is at an all-time high. There's never been a larger difference between people who go to college and people who don't go to college.

Now of course, people who go to college and who don't aren't exactly the same people. So that's not entirely a fair comparison. But from what we've seen in research projects that have been able to study this more carefully, it seems that college-going is really one very important pathway for upward mobility in the US for kids coming from these disadvantaged backgrounds.

Yeah, somewhere I saw that there's a 98% difference in the earnings gap?

Yeah, it depends exactly on kind of what earnings you measure. But I think no matter what precise measure you're using, it's a gap that's been growing over time and especially in the last about 20 years. And so I think that there are certain instances where maybe somebody has particular opportunities, where it might not be right to say that college is the right path for every single person. But I think, on average, It's the most obvious pathway towards financial success for low-income kids.

Mm-hmm. So it is valuable. Great. So let's talk about the mobility report cards that your team recently published. You found that colleges do well in general at propelling students from low-income families into and sometimes beyond the middle class, but also that really good public colleges are more successful at this even than Ivy League and other highly selective universities. And I saw in *The New York Times,* David Leonhardt noted that for every poor student that the Ivy League launches into the middle class, the City College of New York alone launches more than six. So talk to us about that.

Sure. So just to take a step back, our project is looking at two different factors to try to understand upward mobility. We're first looking at what we talk about as access, which is just the fraction of a college's students that come from low-income families. And then we talk about success rates, which are, among that pool of low-income students, what fraction then succeed in the sense of have relatively high incomes themselves when they get out of school and enter the labor force?

And so what the elite private schools are very good at is the success rate part of it, right? So I told you that, nationally, maybe only 8% of kids from the bottom fifth of families make it to the top fifth themselves. At a place like Brown, that number is more like 60%.

Oh, wow.

So right, that's really very high. And I think what's also very impressive is that 60% of kids from poor families make it to the top fifth from Brown. About 60% of kids from rich families make it to the top fifth at Brown. And so in that sense, Brown is really leveling the playing field in that you might think that kids who are coming from more advantaged backgrounds who get to Brown would have other similar advantages that would allow them to do better once they got out of Brown. But that really seems not to be the case.

Interesting.

Once you're at Brown, everybody has very similar outcomes. So that's the success rate part of it. What elite private schools don't do that well on is the access part-- having lots of low-income students in their college to begin with. And so while a place like Brown has extraordinary success, it has relatively low access. And so when you think about the mobility rate, which is what fraction of a college's students both come from low-income families and end up at the top-- like, what fraction of their students are these bottom-to-top success stories-- Brown has kind of an average rate, because it does great on one measure and it does less well on the other measure.

You mentioned our finding that these certain public schools do very well. Where they succeed is by having these success rates, which are not quite as high as Ivy League schools, but still pretty good, while also providing a great deal more access to kids from low-income families.

So just to give you an example, at SUNY Stony Brook, one of the colleges in the New York State public school system, about 50% of kids from poor families make it into the top fifth of the income distribution. So it's not quite at kind of Ivy League levels, but it's nearly there. But instead of having maybe 3% or 4% of kids from the bottom fifth of the income distribution, they have 16% of kids from the bottom fifth of the income distribution. So you combine those two, and you get numbers like 8% of kids at SUNY Stony Brook are these bottom-to-top success stories in comparison with about 2% of kids in the Ivy League.

Wow, that is a big difference.

Right. So it's not that Ivy League schools are bad at producing great outcomes for their kids. It's just that they're doing so on a population--

For fewer.

--of relatively few kids from poor families. That's right.

Well, that's heartening. So it's even more alarming, in a way, to note that poor students are finding good, mid-tier schools less and less accessible.

That's right.

Especially since the recession, with lower state funding, rising tuition. I read that the Center on Budget and Policy Priorities' funding for public colleges is $10 million below pre-recession levels.

That's right. I think the statistic that you referenced in our work is that we can look over time to see at schools like SUNY Stony Brook and other schools that are very high mobility rate, like a number of the Cal State Universities, a number of schools in the University of Texas system, some schools in Florida, those schools which seem to be doing the most to have the largest fraction of their kids as bottom-to-top success stories over time have seen a smaller and smaller share of their student body be composed of kids from the bottom of the income distribution.

And I think that the cuts to funding, which have reduced financial aid, have caused these schools to increase tuition. They've, in some cases, caused these public schools to rely increasingly on out-of-state or international attendance, where they pay even more than full tuition for in-state. Our paper doesn't make that link directly. But I think it's not unreasonable to think that these broader trends are part of what's been driving the access rates down at these very impressive schools.

Well, what do you think about the current administration and the next four years? Does that bode ill for public

institutions?

So I think the Republican leaders have talked a lot about opportunity. And so certainly, their policy preferences are different from the outgoing administration in terms of distribution. But I think that one of the reasons that we were really drawn to the question of opportunity is that almost everyone agrees that talented kids from low-income backgrounds need a shot to succeed.

And so I've not had any detailed discussions with members of the new administration. But I don't see any reason that our findings are fundamentally incompatible with that. And I think that, in some cases, we've seen a real interest in this type of data-driven policymaking.

So for instance, there's currently an ongoing committee for evidence-based policy that was a creation of Congress through a bill sponsored by Speaker Paul Ryan and Senator Patty Murray. So that was a bill that was passed about 12 months ago or so. The committee's work is ongoing. And I think that--

That's good.

--there's no reason to think that efforts like that needn't continue.

I'm glad you brought up evidence-based policy. And I was thinking about the amount of information that you and your colleagues processed, information on 30 million students. Is that right?

That's right, yeah.

So that sounds like big data to me. And I wonder if you could talk about the big data approach, its significance, and was this even possible 10 years ago or five years ago?

That's a great question. And I think that you're exactly right, that this type of thing might not have been possible 10 or certainly 15 years ago. So I think that our approach differs from the way many people have attacked this problem before-- we're certainly not the first to think about these issues in the context of higher education-- in that we're using what many people call administrative data.

So administrative data stands in contrast with survey data, where survey data is like what you think about. It's a survey where you go out, and you're asking people questions for the purpose of gathering data for research. And I think that's maybe the obvious way that you would start. And that's been the traditional approach to empirical research in economics and many other social science fields. But I think you quickly run into limitations when going down that route.

So for instance, it's very costly to find and ask questions of increasingly many people. And even apart from the

cost of asking people the questions, it's becoming harder and harder to find those people or get them to answer the questions in the first place, right? We've seen that in the falling response rate in political polling in the previous election.

Then finally, even once you can get them to answer the questions, it turns out that people sometimes just don't have perfect memories. You ask them what their income was last year or what their income was over the past five years. I don't think they're lying to you, but they're not going to give you an exact answer, or they can make mistakes.

So the alternative, which has been an increasing trend in research over the past 10 years, is to use administrative data. And what that is to make use of data sets that were initially collected not for the purpose of research, but for the purpose of administering some program.

So to give you an example of that, part of our data come from the Department of Education for the data set that they keep to keep track of students who received Pell Grants. Because the Department of Education is trying to actually pay Pell Grants to universities, it really has an interest in making sure that those data are correct. And the colleges that the students are attending want to make sure those data are correct so that they can get the money that they're owed, whereas if you do a survey, there isn't that.

If somebody makes a mistake and says that they're married when they're not married, no one's going to follow up and figure out that that's a mistake. Whereas if I'm a Pell Grant recipient and I'm actually going to Brown, and in fact, the data think I'm going to Yale, Brown's going to notice and follow up on that, and they're going to fix that. And so we've been using administrative data, which allow us to have much higher-quality information that's automatically collected for a much broader segment of the population.

I see.

And so in our project, we combine data like this from the Education Department and from the Treasury Department, and that allows us to have, essentially, population-level information. The advantage of that, in addition to just having more accurate data, is that we can really dive into specific populations of interest.

So we've talked a bunch about kids from poor families that attend elite institutions. There just aren't that many of them in the country, maybe 200 to 300 at each Ivy-plus institution. So you combine 12 of them. You have maybe 2,500 or 3,000 students in a country that's got millions of students. And so in any normal survey data set, you're just never going to have enough observations on those students, whereas here, even though they're very small, we can pick them out from the larger crowd and tell you something specific about them.

Uh-huh. That's fascinating. And you teach statistics in Brown's Master of Public Affairs program.

That's right.

Are you teaching big data to the master's students?

Yeah, so I'm actually going to use some of the data from this project for teaching probability and statistics this next summer. But more generally, in our MPA program, there are different tracks that you can go on. And one of them is a data-driven policy track, where we teach some of those techniques in the initial classes that I teach over the summer.

And then students who are interested in that track go on to work at a organization called the Rhode Island Innovative Policy Lab, or RIIPL, that's based here at Brown that allows them to really dig in on administrative data that comes from various state organizations, like the Department of Education or the Department of Labor and Training here in Rhode Island.

So big data is here to stay.

I think it is. I think it's not just the way of the future In this type of research. It's here. And I think that we've learned an enormous amount because of our ability to use these data sets.

Well, now let's think, what are the next steps for the Equality of Opportunity team?

Sure. So I think with this product on college, there are two natural questions that follow that lead very naturally from what we've talked about. So the first thing is to take these high-mobility-rate schools like SUNY Stony Brook and figure out exactly what it is they're doing that allows them to enable so many kids from poor backgrounds to have such great outcomes.

So for instance, it could be that they're extremely good at finding students with great potential who may not have the best test scores or grades as they're applying to college. It may be that they're excellent at figuring out what type of thing it's best for a given student to study or matching them up with mentors so that they can really see a path to success in college.

We just don't know. And I think it's so important to try to figure this out and not just to understand what's going on at each institution, but then to try to draw from these success stories at the institutional level scalable models of success that we can take to colleges across the country.

Second, I think that, despite the fact that these elite institutions are not admitting a ton of kids from poor families, we still see that they have some of the best outcomes. And that's especially true when you look at the chances

that kids get to be real leaders in society or, in our income data, that comes in landing in the top 1%. The Ivy-plus schools and other elite private schools do that at rates that are just a league apart from any other type of school.

And so I think that it's really important to think about how we can continue to increase the representation of these kids from poorer families or other disadvantaged backgrounds at the elite schools. We've seen a lot of policy changes at these elite schools over the past 15 years. So for instance, here at Brown, we went to need-blind admissions--

Well, I was wondering--

--about 10 years ago.

--why don't policies like that result in these schools having higher populations of students from the lowest income tier?

So I think there are maybe two reasons for that. So one reason is that we see at certain institutions increases in the fraction of low-income students following these policies. But on average at these elite schools, we don't see much change. There's is a little bit of change, but not much.

And so one possibility is that, say, when Brown goes to need-blind admissions, they might attract a student to Brown who otherwise would have gone to Columbia. And maybe that's a good thing for that student, and it's a perfectly good thing to give that student choices. But I think it's hard to get too excited about, from a social perspective, whether that one student goes to Brown or Columbia. I think the more important question is, how can we find students that weren't going to go to those schools beforehand and encourage them to go to either one of those schools, which, I'm sure they both do great jobs.

The second thing is that I think the primary approach that these schools have taken over the past 15 years has been on the financial side. And in some cases, for whatever reason, students may not be as sensitive to that as we might have thought.

So for instance, there is some very interesting work showing that when students that are very, very promising in terms of having very high test scores or grades come from schools where there's not a tradition of going to elite private schools, they may not understand that it's actually cheaper for them to go to a school like Brown than it would be for them to go to their state flagship public school.

And how do you mean cheaper?

I mean, literally, it would cost them less money, because if you paid full tuition, the state public school would be

cheaper. But Brown might have a more aggressive financial aid package, where they could maybe come here and pay nothing, whereas at the state public school, they would have to pay something.

I see, right. So it's a sort of a public awareness thing.

Yeah, I think there's an information issue. I think that many students don't understand that they would be able to get into these elite private schools. Or even if they have a sense, they might think that, well, fine, maybe my test scores are high enough, but some other issue with my application would not allow me to get in.

Right.

You know, the schools themselves have tried to do outreach to combat this problem as well. But it seemed-- again, the research that I'm talking about was just a few years ago-- it seemed like there were still a large number of these students in the country.

And that's not even thinking about students who might have, say, lower test scores, but because they came from a more disadvantaged background, in fact, they were on a trajectory to do great things, right? You expect a little bit more, maybe, from a kid that gets a 700 on their SATs that comes from a very disadvantaged background as compared with someone that comes from a more affluent background.

Sure.

And so I think, to get back to the original question you asked, what can we do going forward, it's trying to figure out, how can we continue on the progress that has been made in attracting these talented kids to the elite schools and letting them know that they can attend?

Community college transfers are another possibility. Maybe that's a route where a kid isn't quite prepared to come to a school like Brown right out of high school, but after a few years at a community college, they really demonstrate that they're doing a great job.

Some states, like California, have a very impressive program where, if you really succeed at a community college, you're guaranteed admission into one of the Cal State schools or, in exceptional cases, one of the UC schools. And so a number of kids from low-income backgrounds at even a school like UC Berkeley come through the community college transfer pipeline. I think we don't know enough yet to know if that's a great thing or that's not as successful as we might think. We just don't know. But again, that's another possibility that we really want to explore.

Sure. And does free tuition have a role in this conversation at all? I was just thinking of Governor Raimondo's pitch

for two years of free tuition at Rhode Island schools.

Yeah, so I think, especially if you're going to attend a community college, tuition is already quite cheap for kids coming from low-income families, because you will get a Pell Grant, which covers up to about $5,000 $6,000 of tuition these days and fees. And then you can have tax credits on top of that, which can help you pay for your expenses.

I think where a free tuition policy is helpful is, again, in the information side, right? Saying that it won't cost you very much to go if only you get all these scholarships and grants is different than saying, don't worry, it's just free, even if the actual cost to fill that last little bit between what you would have had before and completely free is not that much money. And so in terms of giving kids the sense that no, no, it really is free, you won't have to pay anything out of pocket, I think that might be helpful in encouraging people who are on the fence to try college.

Yeah, like a psychological nudge, kind of.

Right. So back to the Equality of Opportunity team, how did that come about in the first place? Did the three of you sit down and form this, or what was the genesis of that project?

Yeah, so the three people are myself, Raj Chetty, who's a professor at Stanford, and Nathan Hendren, who's a professor at Harvard. And this actually grew out of-- Raj Chetty and I were in graduate school together, and we started doing problem sets together or whatever. And we kept in touch, and then we started working together.

And we started working together about 10 years ago at a time when we had realized the benefits of these administrative data sets. And at that time, much of the work in administrative data sets was occurring in Europe, because the organization and access to some of these data sets advanced a little bit faster in places like Denmark and Austria and Germany than in the US. And then an opportunity arose where we could be part of something like this in the United States. And so we then started working on these questions.

Nathan Hendren got his PhD from MIT about five years ago and came to start working with us. And he's been a great member of the team ever since. He and Raj, while I was doing policy work, have done some amazing stuff on the importance of location and a lot of stuff that links to housing policy and opportunity.

Well, how do you disseminate your findings? And who are you talking to, or who do you hope comes to you to talk to you about this stuff?

So I think one of the advantages of having done this a few times is that we've developed a little bit of a platform to be able to broadcast our findings out in a way that's reasonably high profile and has attracted some attention. And so for this most recent study, we partnered with *The New York Times.* So David Leonhardt has written some

columns about our work in the past. But then also, "The Upshot" was very interested in the data. And so they put a ton of work into making the data available in a very user-friendly, interactive way.

Even as a researcher, I understand that people don't always like to interact with data sets in the same way that I do. And so making it available on the web in a way that you can kind of look up information without having to comprehend the whole data set has, I think, really increased the ability of just readers to understand what was in the data, to look up their school. They always say, any time you can look yourself up in the data, that's the key to having a lot of interest.

That sounds very plausible.

But then, I think, to get to your next question, what we've seen since we've published the data is just a lot of interest from different types of organizations in partnering with us in a way that might provide yet more data to move these questions forward.

Oh, great.

And that's come from institutions that are high-mobility-rate colleges who are interested in partnering with us to understand what it is they are doing. Maybe they didn't realize that they themselves were so good, or they knew it, but they had a hard time convincing others. And I think that'll give us a finer sense of what's going on inside these schools in a way that will let us move forward.

Just one more question. I don't know if you have kids.

I do, a five-year-old and a three-year-old.

Where do you hope they end up in college?

I think it depends so much on what their interests are and how they develop and where they go. I think that there are so many different colleges that have different strengths in different areas.

But a good, mid-tier state college would be a viable option?

Well, I think that what we see in our data is that kids who graduate from a place like Brown, at least in terms of income, do better on average than kids that graduate from public schools, than kids who graduate from non-selective public schools. And so on average, I think every parent wants their kid to go to the best school that they can. But I also think that what's important sometimes is getting the match right.

And so again, to take Brown as an example, I think Brown is going to be a great school for some people. It's not

going to be as good as a match for other people. And that's OK. We don't need every school to be everything to all kids. That's why we have lots of them.

Yeah.

And so yeah, maybe Brown would be a great outcome. Maybe it wouldn't be a great outcome. It's just-- they're three and five. They get very excited about-- exactly.

You have to fix it first, right? Which, I just wanted to point out, you have data from every college in the United States in this study?

Yeah, I mean, there are certain colleges that, for random reasons, are missing from the data. But to a first approximation, we have got data from everybody.

That's astounding. That's amazing. Well, thank you. We're about out of time. But I wanted to say thank you so much for coming here today and doing such great work and helping us to understand it.

Well, I appreciate it. Thank you for having me.

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