Unpacking the Black Box in Moving To Opportunity

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CBO and National Bureau of Economic Research

Presentation to the HHS meeting on “What Works, Under What Circumstances, and How?”
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The views expressed here are the presenter’s and should not be interpreted as those of the Congressional Budget Office (CBO).
... A 1–standard deviation decline in neighborhood poverty (13 percentage points) increases subjective well-being by an amount equal to the gap in subjective well-being between people whose annual incomes differ by $13,000—a large amount given that the average control group income is $20,000.

Subjective well-being is more strongly affected by changes in neighborhood economic disadvantage than racial segregation...
Collaborators

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Lisa Gennetian
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Jens Ludwig
Lisa Sanbonmatsu
Christopher Winship

Support

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Department of Housing and Urban Development
Gates Foundation
Institute of Education Sciences
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National Institute on Aging

National Institute of Child Health and Development
National Institute of Mental Health
National Science Foundation
Robert Wood Johnson Foundation
Russell Sage Foundation
Smith Richardson Foundation
Spencer Foundation
W.T. Grant Foundation
4,604 households in high-poverty public housing in 5 cities:

Baltimore, Boston, Chicago, Los Angeles, New York

Assigned to groups by lottery from 1994 to 1998

- Low-poverty voucher group – *Housing voucher usable in Census tracts with poverty rates <10%; mobility counseling*
- Traditional voucher group – Housing voucher with unrestricted use
- Control group – No new assistance

Follow-up 12-16 years later; effective survey response rate of 90%
<table>
<thead>
<tr>
<th>Category</th>
<th>Control group mean</th>
<th>MTO treatment (voucher) groups mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$n = 1139$</td>
<td>$n = 2134$</td>
</tr>
<tr>
<td>Gender and age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>0.978</td>
<td>0.984</td>
</tr>
<tr>
<td>Age as of 31 December 2007 (years)</td>
<td>44.5</td>
<td>44.6</td>
</tr>
<tr>
<td>Race and ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African-American (any ethnicity)</td>
<td>0.660</td>
<td>0.640</td>
</tr>
<tr>
<td>Hispanic ethnicity (any race)</td>
<td>0.304</td>
<td>0.325</td>
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<tr>
<td>Other demographic characteristics</td>
<td></td>
<td></td>
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<tr>
<td>Never married</td>
<td>0.637</td>
<td>0.623</td>
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<tr>
<td>Working</td>
<td>0.245</td>
<td>0.270</td>
</tr>
<tr>
<td>High school diploma</td>
<td>0.361</td>
<td>0.367</td>
</tr>
<tr>
<td>General Educational Development (GED) certificate</td>
<td>0.199</td>
<td>0.169*</td>
</tr>
<tr>
<td>Receiving Aid to Families with Dependent Children (AFDC)</td>
<td>0.763</td>
<td>0.752</td>
</tr>
<tr>
<td>Household characteristics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household income (2009 dollars)</td>
<td>$12,438.64</td>
<td>$12,833.64</td>
</tr>
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</table>
Subjective wellbeing measure is based on responses to the following question from the General Social Survey:

“Taken all together, how would you say things are these days—**would you say that you are very happy, pretty happy, or not too happy?**”

A summary measure of the overall impact of neighborhood conditions on people’s lives, this measure has been shown to be correlated in expected ways with objective indicators of well-being such as life events and biological indicators (such as smiling frequency and brain activity).
(1) $Y = Z\pi_{11} + X\pi_{12} + e_1$
(1) \( Y = Z\pi_{11} + X\pi_{12} + e_1 \)

(2) \( Y = W\pi_{21} + X\pi_{22} + e_2 \)
(1) \( Y = Z\pi_{11} + X\pi_{12} + e_1 \)

(2) \( Y = W\pi_{21} + X\pi_{22} + e_2 \)

(3) \( W = Z\pi_{31} + X\pi_{32} + e_3 \)
## Relationship between Subjective wellbeing and two Census tract characteristics

### Table S10

<table>
<thead>
<tr>
<th></th>
<th>2SLS</th>
<th>LIML</th>
<th>Fuller (c=4)</th>
<th>F statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share poor</td>
<td>-.26</td>
<td>-.28</td>
<td>-.27</td>
<td>14.2</td>
</tr>
<tr>
<td>Controlling for share minority (duration-weighted)</td>
<td>(.09)</td>
<td>(.10)</td>
<td>(.10)</td>
<td></td>
</tr>
<tr>
<td>Share minority</td>
<td>.28</td>
<td>.32</td>
<td>.29</td>
<td>4.6</td>
</tr>
<tr>
<td>Controlling for share poor (duration-weighted)</td>
<td>(.17)</td>
<td>(.19)</td>
<td>(.18)</td>
<td></td>
</tr>
<tr>
<td>P-value of test that coefficients are equal</td>
<td>.03</td>
<td>.04</td>
<td>.03</td>
<td></td>
</tr>
</tbody>
</table>
Shift focus to social, economic, and cultural processes that create associations between the compositional or demographic characteristics of neighborhoods.

Collect data that measure how individuals and families of different types allocate their time between different places.

Use research designs that can unpack the causal effects, if any, of specific neighborhood characteristics as they operate through well-specified mechanisms.

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*Unpacking Neighborhood Influences on Education Outcomes: Setting the Stage for Future Research*

Duncan and Murnane, eds. (2011)
Example: **Effects of exposure to violence on academic achievement**

Recruit individuals from the neighborhoods with high levels of neighborhood violence.

Select a target set of additional neighborhoods with high neighborhood violence and match each of them to neighborhoods that are comparable in terms of poverty, race, and educational levels but have lower neighborhood violence.

Design an intervention that is non-academic, but involves engagement with the neighborhood – such as working on a local clothing drive.

Randomly assign these youth to teams in different locations outside of their own neighborhoods.
For more information, see:

www.mtoresearch.org