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The Effects of Where You Grew Up on your Future Opportunity

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The Effects of Where You Grew Up on your Future Opportunity

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by

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"Build your own pyramids, write your own hieroglyphs"
-Kendrick Lamar

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Abstract

Neighborhoods effect developing children from several areas. The influence that a community possesses can either bolster socioeconomic status or inhibit it. Some experiments have been done in the US to aid struggling families in disadvantaged neighborhoods that have produced significant results. This purpose of this senior project is to analyze and discuss the varying ways in which neighborhoods can affect its inhabitants (i.e. education, health/nutrition), the experiments aimed to helping poor families, and offer a possible solution to mitigate these issues.

PLAGIARISM STATEMENT I have written this project using in my own words and ideas, except otherwise indicated. I have subsequently attributed each word, idea, figure and table, which are not my own to their respective authors. I am aware that paraphrasing is plagiarism unless the source is duly acknowledged. I understand that the incorporation of material from other works without acknowledgment will be treated as plagiarism. I have read and understand the Bard statement on plagiarism and academic honesty as well as the relevant pages in the Student Handbook.
Chapter One

Introduction

There have been advancements in several areas regarding equality in America throughout the last half century. For example, the amount of women receiving college degrees and holding positions of power has increased tremendously and contrary to popular belief, the number of black men in college far exceeds the number residing in prisons.\(^1\) However, a fundamental area that is still lacking is equality of opportunity. Sociologist and professor Lane Kenworthy claims, “As gender and race have become less significant barriers to advancement, family background, an obstacle considered more relevant in earlier eras, has reemerged. Today, people who were born worse off tend to have fewer opportunities in life”.\(^2\) Despite the increasing numbers of young adults that are reaching high levels of education, the place where that individual is from causes heterogeneous outcomes. With the most favorable outcomes usually going to the individuals with the better family backgrounds. Even if a child makes it out of a poverty-stricken area and into an institution of higher education, discrimination amongst other factors cause constant strain, leaving the odds stacked against him or her.\(^3\) Kenworthy supports her claim by stating,

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\(^1\) Bouie, Jamelle. "More Black Men in College than in Prison" (The American


\(^3\) Fain, Paul. “Poverty and Merit” (Inside Higher Ed, 2016).
An American born into a family in the bottom fifth of incomes between the mid-1960s and the mid-1980s has roughly a 30 percent chance of reaching the middle fifth or higher in adulthood, whereas an American born into the top fifth has an 80 percent chance of ending up in the middle fifth or higher. (In a society with perfectly equal opportunity, every person would have the same chance -- 20 percent -- of landing on each of the five rungs of the income ladder and a 60 percent chance of landing on the middle rung or a higher one.)

This vast disparity necessitates a substantial inequality of opportunity among families that come from varying backgrounds.

Usually when people speak of poverty and mobility in the United States, the emphasis is on the status of the adult and how to give them the tools to advance themselves. However, Chetty and Hendren in their recent study focused on the location of the child, and the components that hinder or bolster development. They delved deeper into the importance of neighborhood location on the future reality of children. The differences in lifestyle, education, nutrition, etc., result in either an environment beneficial to upward mobility or stagnation—even downward in many cases. The New York Times featured an article discussing the many facets of location and its effect on mobility. When examining the differences in the traits of an underserved location versus a location conducive to mobility, the article asserted, “The places where poor children face the worst odds include some — but not all — of the nation’s largest urban areas, like

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Atlanta; Chicago; Los Angeles; Milwaukee; Orlando, West Palm Beach and Tampa in Florida; Austin, Tex.; the Bronx; and the parts of Manhattan with low-income neighborhoods.”

Boys from these areas grow up earning 35% less and girls 25% less, on average, than children in low-income families living in better neighborhoods. The cities mentioned within this article have been known to hamper growth and the development of children due to the lack of necessary resources. Children that are from these areas are not inept at growing and excelling in all areas; however, they are deprived, which makes succeeding an arduous effort.

Hendren noted key difference in the resources available to a neighborhood conducive to growth when compared to an underserved location. He stated, “these places tend to share several traits’… ‘They have elementary schools with higher test scores, a higher share of two-parent families, greater levels of involvement in civic and religious groups and more residential integration of affluent, middle-class and poor families.’” These traits bolster the child’s growth and instill confidence, an affinity to learn, and greater involvement and care for the community.

The aim of this project is to examine the literature and policies devoted to ameliorating the vast disparity in opportunity and mobility. Subsequently, the different channels through which development and future mobility are inhibited in children will be discussed—education and health/nutrition. Finally, I will provide

6 Ibid.
7 Ibid.
a proposal to improve the current projects that focus on better structuring the environment of children in their development.

**Moving to Opportunity**

The government has done a great deal of work to resolve the issues present within poverty-stricken areas. People that dwell within these areas often cannot make the necessary income to cover all their expenses. Once the basic needs such as food, clothing, and bills are met there is not much money left over to pay for decent housing. They are consequently subjected to “worst case housing needs” and “severe rent burden”\(^8\). The Housing and Urban Development (HUD) department felt this was an area that demanded attention.

**The QHWRA and Section 8**

Tennant-based housing assistance started after the Great Depression, after thousands lacked homes and money. More subsidizing efforts for low-income families became available in the 1960s and 1970s under the Section 236 Leased Housing Program—the first version of the modern day program. In order to handle nationwide homes and eligible families the Department of Housing and Urban Development (HUD) was created. The members of HUD decided in 1974 to create a standardized way of assisting those who could not afford to take care

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\(^8\) Housing and Urban Development: Section 8 Tenant-Based Housing Assistance: A Look Back After 30 Years (HUD 2000).
of their family and pay rent. HUD gives a synopsis on the rise of Section 8 and its benefits stating:

From the Experimental Housing Allowance Program in 1970, through the consolidation of the Section 8 certificate and voucher programs in the Quality Housing and Work Responsibility Act (QHWRA) of 1998, and up until today, the history of tenant-based housing subsidy for low-income renters has been one of growth, refinement, and responsiveness in meeting the needs of low-income families and individuals. Section 8 Tenant-Based Rental Assistance is a critical tool that helps to meet the Department’s central mission of providing decent, safe, and affordable housing.

For three fiscal years, once the Quality Housing and Work Responsibility Act was signed (1999-2001), the budget for vouchers to be sent out to families steadily increased from 50,000 to 120,000. The data from the years of analysis have shown the cost-efficiency and effectiveness of the Section 8 assistance program.

The Section 8 program has many facets to it. The architects designed the program in a way that was convenient and inclusive to those in need of housing assistance. Within the program there is (I) Residential Choice and Mobility, (II) Flexible Subsidy Scheme (III) Selection Policies, Fees, and Sanctions: (I) “Residential choice and mobility permits families to live in any neighborhood or in any community they want if they can find a housing unit that is affordable under the rules of the program, that meets Housing Quality Standards, and that has an owner willing to participate in the program.” (II) “The subsidy scheme is

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9 “Section 8 Program Background Information” (HUD, 2017).
10 Ibid. i.
flexible enough to help a family move to its chosen location. The Fair Market Rent is set at the 40th percentile of the local rental market for standard-quality existing units, based on new leases commenced in the previous year. Exception rent procedures offer PHAs flexibility in setting local payment standards.\textsuperscript{11} (III) There are several Public Housing Agencies (PHAs) that screen potential tenants to ensure that they pick responsible applicants; this includes background checks. They also provide housing counseling to ensure that participants have full information when making housing choices—this also involves sanctions for bad tenants and landlords. Finally, the HUD created the Section 8 Management Assessment Program (SEMAP), in order to “[measure] a PHA’s management performance in 14 key areas of the Section 8 program…” which is, “an important new feature in ensuring the success and the acceptance of the Section 8 program.”\textsuperscript{12}

One key advantage that Section 8 provides its participants with is the mobility that becomes accessible from gaining relevant and useful information on the housing market. The lack of money families have when they are impoverished limits their opportunities and drastically narrows the playing field for available houses. When participants are given full information, more decision making power is available to the families instead of relying solely on the agency to find potential homes.

\textsuperscript{11} Ibid ii-iii
\textsuperscript{12} ibid. iii.
**SNAP (Formally the Food Stamp Program)**

The Supplemental Nutrition Assistance Program (SNAP) is one of the most prominent programs in the US that aims to stop hunger across the nation. In 2015, 45 million low-income Americans were able to pay for a sufficient diet for them and their families each month. In order to pay for the cost of SNAP, the federal government splits the burden with the states. The breakdown of how much each household receives in benefits is as follows:

“The average SNAP recipient received about $127 a month (or about $4.23 a day, $1.41 per meal) in fiscal year 2015. The SNAP benefit formula targets benefits according to need: very poor households receive larger benefits than households closer to the poverty line since they need more help affording an adequate diet. The benefit formula assumes that families will spend 30 percent of their net income on food; SNAP makes up the difference between that 30 percent contribution and the cost of the Thrifty Food Plan, a low-cost but nutritionally adequate diet established by the U.S. Agriculture Department.”

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14 Ibid. (Par. 15)
Figure 1 Ibid.
Overall, the program costs $75 Million per fiscal year to provide for all the beneficiaries to receive their transfers. As the graph that Figure 1 portrays there is a significant amount of people in the United States that need assistance to buy the basic sustenance to survive each month. Although the number is slowly decreasing after the 2008 recession, 45 million people is still an exorbitant amount of people using SNAP, and highlights the importance of this program and other types of assistance-based programs for low-income individuals.

Policies, like EBT/SNAP, and Affordable Healthcare, endeavor to help those living in high-poverty areas, such as subsidized housing projects, were influential strategies and did their job as far as the intended goals of the projects (e.g. housing counseling and financial assistance), but much more needed to be done. As an attempt to ameliorate some of the unsolved problems arising out of the inequality of opportunity, the difficulties of supporting a family with low income, and the detrimental health effects of fast-food and junk food as a sole source of nutrition, etc., the government enacted the Moving to Opportunity project.

The Gautreaux Program

The Moving to Opportunity program was born in part from the research done by James Rosenbaum at Northwestern University on the Chicago Gautreaux Program. In his project, Rosenbaum was examining, “An unusual opportunity to test the effect of helping low-income people move to better labor markets, better
schools, and better neighborhoods".\textsuperscript{15} The program gave black families the opportunity to live in middle-class areas, located in the suburbs, for the same price as government assisted public housing in impoverished areas.\textsuperscript{16} According to the NBER, African American families using or recently entering into public housing were given Section 8 certificates. These certificates required the families to move to predominantly white or racially mixed neighborhoods. Screening, counseling, and home-referral services were also available resources.\textsuperscript{17}

There were three criteria for selection into the program: “To avoid overcrowding, late rent payments, and building damage, it does not admit families with more than four children, large debts, or unacceptable housekeeping”.\textsuperscript{18} The criteria show the risk aversion of the program architects. Even though the requirements may be a generalization of some types of people, the purpose is to eliminate variables that will skew results, while simultaneously dealing with adverse selection problems. This means that, although people who have large debts or unacceptable housekeeping may not all miss their rent payments and/or are unorganized individuals, they are still high risk candidates because the evaluators cannot possibly know everything about each family. Therefore, the

\begin{itemize}
  \item \textsuperscript{16} Brennan, Brian. "Background on MTO." (Moving To Opportunity Research 2000).
  \item \textsuperscript{17} Rosenbaum, James E. “Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program” (Housing Policy Debate, 1995). 233.
  \item \textsuperscript{18} Ibid. 234.
\end{itemize}
researchers made these requirements to receive the most fitting candidates, which takes care of the adverse selection problem.

The results of the adult study showed the employment rates of individuals that moved to the suburbs were higher than those that moved to the city. Rosenbaum states, “Whatever prevented some people from being employed in the past—lack of skills or lack of motivation—was not irreversible, and many took jobs after moving to the suburbs”\(^\text{19}\). The results for children in the study showed that suburban movers had difficulties assimilating to the suburban school environment and the high expectations within the system. As a result, their grades dropped during the first years of the experiment. However, after living in the suburbs for an extended amount of time, their grades matched the performance of the families that moved to urban communities. Additionally, suburban schools have smaller class sizes, higher quality teachers and courses, and a better attitude towards school from students—these aspects of suburban schools aided the students moving in.\(^\text{20}\) The findings show that the environment in which a child learns is vital to their performance and overall perception of education. Also, the benefits of smaller class sizes in the educational development of children are evident from the research. Rosenbaum concludes his findings by claiming residential integration is an effective tactic in improving employment, education, and social capital of low-income black families.

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\(^{19}\) Ibid. 239.  
\(^{20}\) Ibid. 240.
There were undoubtedly some limitations in the process of studying areas such as this. For example, interest in the Gautreaux program among eligible families is difficult to disentangle from more general interest in Section 8 assistance because Gautreaux offered families a short cut around the Chicago Public Housing Authority's years-long Section 8 waiting list. In addition, Rosenbaum's research was largely limited to families who stayed in their new housing units, making it impossible to determine the number or characteristics of families who chose not to remain in the predominantly white neighborhoods to which they moved.21

Secondly, the comparison reference group for research on Gautreaux participants (families who used their Section 8 certificates within the city of Chicago) does not represent a true control group; families who moved to the suburbs may have differed systematically in motivation and capacity from those who remained in the city. Thus, the major shortcoming of earlier studies of mobility programs is that they estimated program effects by comparing participant outcomes to outcomes for a self-selected comparison group. These estimates cannot definitively separate effects of the mobility program with pre-existing differences between those who joined the program and those who did not. Only by randomly assigning families from a common pool of applicants to different

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21 Brennan, Brian. "Background on MTO." (Moving To Opportunity Research 2000.)
types of housing assistance is it possible to be confident that systematic differences are attributable to mobility counseling and housing assistance.\textsuperscript{22}

Lastly, Rosenbaum states, “When considering the replicability of the Gautreaux experience, it is important to bear in mind that Chicago is a unique setting. It is one of the most racially segregated metropolitan areas in the nation. The city also has a very large population living in extremely poor and distressed neighborhoods.”\textsuperscript{23} The topic of external validity and its problems with this and other programs will be discussed later in this chapter.

The main point that was taken from the results of the project was, “that tenant-based assistance can succeed in moving low-income families to suburbs with better schools and better labor markets, and that adults and children will benefit from such moves”.\textsuperscript{24}

\textit{The Moving To Opportunity Project}

The Moving to Opportunity project (MTO) was an evolution of the Gautreaux Program. The architects of MTO principally took the main point from the Gautreaux program modified, and expanded it nationwide. The project, Moving to Opportunity, was set up in five major metropolitan areas: Baltimore, Boston, Chicago, Los Angeles, and New York City. The experimental program was limited to no more than six cities with populations of at least 400,000 in metropolitan areas of at least 1.5 million people. In order to be eligible to receive

\begin{footnotesize}
\begin{enumerate}
\item Ibid.
\item Rosenbaum, James E. (Housing Policy Debate, 1995). 265.
\item Ibid. 265.
\end{enumerate}
\end{footnotesize}
the benefits, participants had to be low-income families with children, who were currently receiving assistance through Section 8 rental assistance and living in regions with poverty rates reaching 40% or more. The accepted participants were randomly chosen in order to avoid skewing results as well as being fair to the thousands that applied.

Local Public Housing Authorities (PHAs) in each participating city recruited families via fliers, tenant associations, etc. All families interested in joining were given equal chances to apply. During an orientation, they were also informed about the context and design of the study. According to the study, “Almost all of the households that signed up for MTO were headed by a female, nearly two-thirds of whom were African-American (most of the rest were Hispanic). Three-quarters of household heads were on welfare at baseline and fewer than half had graduated from high school. On average these households had three children.”

4,608 families applied to be in the MTO demonstration; they were all randomly assigned to one of three research groups:

1. **Treatment Group**, which received Section 8 certificates or vouchers usable only in low-poverty areas—specifically areas with less than 10 percent of the population below the poverty line in 1990—along with counseling and assistance in finding a private unit to lease.

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2. **Section 8 Group**, which received regular Section 8 certificates or vouchers (geographically unrestricted) and ordinary briefings and assistance from the PHAs.

3. **Control Group**, which received no certificates or vouchers but remained eligible for public or project-based housing and other social programs to which families would otherwise have been entitled.26

The Section 8 group is important in comparing the difference between the Section 8 program and a more extensive and involved program, MTO. Similarly, the Control Group is pivotal in locating and measuring the differences in impacts that the other two groups have from an independent source. The results were measured in a variety of different ways; for example, in adults they measure mental/psychological health, economic self-sufficiency, and in children, behavioral changes/arrests, math and reading achievement.

The MTO researchers measured their results in an interim period (4-7 years) and a long-term period (10+ years); the long-term results will be focused on here. They categorized their results into seven areas:

1. Residential mobility, housing conditions, neighborhood environments, and social networks
2. Physical health
3. Mental health
4. Economic Self-Sufficiency
5. Risky and criminal behavior

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26 Ibid. 2.
6. Educational outcomes

Residential mobility, housing conditions, neighborhood environments, and social networks

The “duration weighted average census-tract poverty rate” in the control group for the entire 10- to 15-year study period was 40%. The Section 8 group’s rate was 29% and the treatment group was 20%. There was a convergence in neighborhood poverty rates from the interim period, which they attributed in part to some experimental group compliers that moved after their first year in a low-poverty area to neighborhoods with somewhat higher poverty rates. This convergence was a result of the decline in the average census-tract poverty rate in the control group. The families in this group began to relocate into better areas.

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27 Figure 2 shows the Hypothesized Pathways of MTO Impacts (Before results)
overtime, resulting in less participants still living in high-poverty areas to compare to the treatment group.

**Physical Health**

The results showed that 10 to 15 years after random assignment, there was no longer a statistically significant impact on obesity. This is likely due to the fact that 58% of the control group became obese during the experiment. However, being in the Treatment or Section 8 group reduced the chances of extreme obesity by 5%. There was also a decline in the commonness of diabetes by 6 percentage points.

**Mental Health**

Individuals in the Treatment group saw a 3-percentage point reduction and those in the Section 8 group saw a 5-percentage point reduction in lifetime prevalence of major depression. These results are marginally significant and may be a result of added stress from the move followed by substance dependence or abuse. Female youth in the experimental group had improved mental health compared to controls, by a marginally significant amount.

**Economic Self-Sufficiency**

The initial negative effect of MTO on labor market outcomes was substantial, but over time the results attenuated. The surveys taken from families

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and the administration reports showed there were no statistically significant improvements in earnings, total family income, or long-term employment rates. For adolescents 15-20 the experiment had little to no influence on the idleness rates; there were also adverse effects on employment rates and earnings. Lastly the report finds, “For youth who were teenagers at the time of the interim study and were grown children at the long-term study, males in the experimental group were more likely than controls to be employed, according to the proxy reports by their parents.”

However, the state unemployment insurance (UI) results portrayed a different story, opposite of the MTO results; possibly because individuals chose jobs not handled by the UI system.

**Risky and Criminal Behavior**

They found no statistically significant effects of MTO on violent crime arrests in the long-term data. Although they did not find significant results, the study did provide insight into the different types of crimes each gender and age group commit.

**Educational Outcomes**

Similarly to the interim results, the long-term data showed that MTO had small and differential effects on school quality. They state, “Children assigned to the treatment groups rather than to the control group were in schools that had slightly lower proportions of low-income and minority students, and those assigned to the experimental group were in schools that had slightly higher test scores.”

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30 Ibid. 257.
31 Ibid. 257.
scores, but were also larger in terms of the total size of the student body.\textsuperscript{32} The results were also impacted by the fact that the majority of kids in the Treatment group still attended low-income public schools.

\textsuperscript{32} Ibid. 258.
Chapter Two

Location Matters

Nathaniel Hendren and Raj Chetty’s study entitled, *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*, was a reevaluation of the Moving to Opportunity project that ended up having significant findings. Several economists doubted the impacts of the MTO experiment because there was no effect on the earnings of adults and older youth, which in turn caused them to believe that their neighborhoods are not an important aspect of economic success. However, Chetty and Hendren’s re-analysis of the MTO experiment challenged the conclusions made by the economists that doubted the effect of neighborhoods.

In the report detailing their analysis, Chetty et al. state, “In this study, we present a new analysis of the effect of the MTO experiment on children’s long-term outcomes. Our re-analysis is motivated by new research showing that a neighborhood’s effect on children’s outcomes may depend critically on the duration of exposure to that environment.” Chetty and Hendren both realized that there is a great significance in the neighborhood and its effect on the children that are raised within it. Adults *can* make progress as far as obtaining a new job, receiving new valuable skills for the workforce to make them more suitable to be hired, and having the ability to take advantage of the once unavailable access to resources. Nevertheless, the potential progress is much larger in a child

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when he or she is moved during their early developmental period, than as an adolescent or a fully developed adult.

In order to discover the evidence that neighborhoods actually are important Chetty and Hendren (2015), “use quasi-experimental methods to show that every year spent in a better area during childhood increases a child’s earnings in adulthood, implying that the gains from moving to a better area are larger for children who are younger at the time of the move.” The effects of neighborhoods on opportunity is shown in Fig. 4:

**Fig. 3**

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34 Ibid.

35 The authors make the assumption in Fig. 3 that families who move from Cincinnati to Pittsburgh when their children are young are comparable to those who move when their children are older. This assumption would not hold if, for instance, families who move to better areas when their children are young are more educated or have higher wealth than families who move later. Source: Chetty, Raj and Hendren, Nathaniel. *The Impacts of Neighborhoods on Intergenerational Mobility Childhood Exposure Effects and County-Level Estimates.* (Harvard, 2015). 2.
Fig. 4 is a visual representation of the theory stated above. The bottom city at the origin represents the areas that are known to hinder mobility and have low access to resources and opportunity. The destination city at the top represents areas that can serve its inhabitants well, allowing for quality education, health, and mobility. As the graph shows, the sooner a child leaves the underserved areas the higher their percentage gain will be—in terms of income—up until about 23 years old. This pattern shown in the graph above is known as the childhood exposure effect.

**Education**

Education is crucial in the development of children as well as mobility opportunity in the future. The quality of the education that students receive is pivotal to their life and their descendants. Björklund and Salvanes (2010) studied the role of education and background extensively and find that people’s educational achievement is positively correlated with their parents’ education or with other indicators of their parents’ socioeconomic status. Within the field there are two topics that are important to note, the first is equality of opportunity. An important determinant of educational opportunity and attainment is family background. This is a critical component because one cannot choose what family he or she is born into, and hardly have the power to alter the impact that family background has on his or her future.

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The second important topic is the child development perspective. This perspective considers the parents’ resources and investments as playing a significant role in their children’s future earnings capacity via the children’s educational attainment.\textsuperscript{37} Miles Corak extensively discusses the relationship between inequality and intergenerational mobility in his journal entitled, “Income Inequality, Equality of Opportunity, and Intergenerational Mobility”. He claims that mobility is lower in the US because of fewer opportunities for upward mobility. Children born into families with high incomes have a high probability of becoming top-earners in adulthood; this is similar with poor parents and children’s outcomes. He finds that each era that children grow with rising inequality will strengthen these realities.\textsuperscript{38}

Intergenerational transmission, the transfer of individual abilities, traits, behaviors, and outcomes from parents to their children, is also vital when discussing the role of education. There are five main components of intergenerational transmission that are important to note as well:

1) The education level of parents can directly affect their children’s decision to either enter into or complete college; the more human capital that the parent has the more marginally productive their children’s education will be.


2) Parents can transfer unobserved genetic cognitive abilities along with other genetic traits.

3) The cultural backgrounds of each family can affect children’s choices: unobserved factors can also be included into background, such as risk preferences, time preferences, and parenting skills.

4) Agents also give endowments, in the form of wealth or financial resources, which can give rise to transfers or borrowing constraints.

5) Parents’ education and choices can be directly affected by public resources and public investments in general.

Lastly, economists have also observed the causal effect of the parent’s income on the child’s reading and math achievement. Gordon B. Dahl and Lance Lochner both looked into this topic using the parents’ Earned Income Tax Credit (EITC) to gather data. However, other confounding variables make finding the causal effect between the two more difficult. The authors state:

The major challenge faced by researchers attempting to estimate the causal effect of family income on children’s outcomes has been the endogeneity of income. Children growing up in poor families are likely to have adverse home environments or face other challenges that would continue to affect their development even if family income were to increase substantially. Furthermore, year-to-year changes in family circumstances like parental job loss or promotion, illness, or moving to a new neighborhood may
affect both family income as well as family dynamics and parenting behavior.\textsuperscript{39}

This highlights the importance of neighborhoods and its effect on the educational development and future mobility of children. Even if the parent’s income increases the child is still inundated daily with unfavorable environments and constrained by lack of resources. In the case of the second confounding variable, most empirical studies have a difficult time successfully classifying the effects caused by changes in income and family circumstances that were not measured separately. No consensus as been made on whether family income has a causal effect on child development, as a result of the difficulties that researchers are facing and the myriad of opposing results.\textsuperscript{40}

\textit{Health}

Since the early to mid 1900s, children in America have been experiencing gradually increasing unequal childhoods. Economists have started analyzing the current trends in socioeconomic inequalities in children in order to project the future inequalities in health when the children are adults. Some economists argue that the increasing inequality within children’s social and economic conditions will cause a larger disparity in their adult health and mortality.\textsuperscript{41} Mortality and the mortality rate and their vast differences are also a result of the inequality in

\begin{flushright}
\textsuperscript{40} Ibid. 1928.
\end{flushright}
neighborhoods and upbringings. Geronimus, Bound and, Ro (2014) claim, “Standardized mortality rate differences between high-poverty urban and high-poverty rural areas suggest that place characteristics may have impacts on health above and beyond the effects of the sociodemographic characteristics of local populations.”

Others have used income to find the causal effect of the parent’s level of income and their health, which can be used similarly to compare children’s health and their health in the future. Braveman et al. (2010) claim, “Those with the lowest income and who were least educated were consistently least healthy, but for most indicators, even groups with intermediate income and education levels were less healthy than the wealthiest and most educated.” When scaled up to the national level, the association between life expectancy and income vary substantially across areas. These differences in life expectancy were correlated with health behaviors and local area characteristics.

Local area characteristics are a multi-faceted entity that can affect children in several different ways. Taking these characteristics into consideration, such as inadequate education and living conditions, along with income and other socioeconomic inequalities, is essential to capturing the full scope of health

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inequality; this is because, “inadequate education and living conditions—ranging from low income to the unhealthy characteristics of neighborhoods and communities—can harm health through complex pathways.”

Meaningful progress in narrowing health disparities is unlikely without addressing these root causes, instead of implementing “Band-Aid” policy solutions.

Chapter Three

There is heavy debate on the best types of education available that will be most effective in the development of the student, such as charter, private, or public schools. Scholars argue on the teaching styles that are best for students, whether that is standardized or catering to each child’s unique mind. There is also debate on the correct time school should start so students get the most learning out of their day without having under slept. However, there is no debate on whether or not children should receive an education. The education a child receives is essential to the rest of his or her life.

The success that young students have in school is not exclusively a product of aptitude, family background, and teachers; the learning environment, which depends partially on the abilities, approach, and performance of their classmates, may also influence the success of students. Correspondingly, the neighborhood environment can shape school outcomes. The school environment often compounds the effects of the neighborhood since poor schools are a microcosm of poor neighborhoods.

Family Background without Neighborhood Effects: A Difficult Task

From conception children gain information from their parents, through socialization and genetic information. Parents make a significant investment in their children’s future that has varying levels of risk depending on their financial background. In the 1980s economists had a certain theory and model on family background and its effects on achievement. Linda Datcher (1982) notes the
popular theory of this time regarding family background. She states, “Economic
theory explaining the effects of background on achievement examines the
decisions made by parents as well as those made by their offspring. Parents
choose alternative levels of the family's consumption now and investment in
raising their children's income as adults in order to maximize the family's utility
subject to the budget constraint.” Evidently, the more disadvantaged people
were as children and when they became parents, the less they can consume and
invest; in which case children start off at many different levels—by no fault of
their own. From this point Datcher continues her explanation stating:

If investment in children is a normal good, then the theory of consumer
behavior implies that lower prices, higher income, and higher preferences
for investment raise the amount parents invest in their children. Children,
at maturity, decide on the total amount of investment in various activities,
such as schooling, they will obtain. Assuming that they are maximizing
their wealth, the optimal choice occurs at the level of investment where
the marginal rate of return and the marginal cost of financing are equal.
Earnings depend on the total level of investment acquired and the rate of
return.

Datcher and others, such as Glenn Loury, believe this model is too narrow-
minded and should take into account other variables that effect a child’s
achievement. When evaluating the effects of family background, economists

46 Datcher, Linda. "Effects of Community and Family Background on
Achievement" (MIT Press, 1982). 32-41.
47 Loury, Glenn, "Essays on the Theory of the Distribution of Income," (M.I.T.,
1976).
should use actual measures of factors within the family and neighborhood, which are used to produce human capital in children. It is difficult for a child at maturity to choose the amount of investment they will obtain if there are scarce and low quality resources. Therefore, the point at which the marginal rate of return and the marginal cost of financing are equal rarely comes for families in disadvantaged areas. Children are constrained by limited access to credit and opportunity in their neighborhoods and schools, making it nearly challenging to reach the optimal point of the investment their parents make in an effort to lift them from poverty.

Loury claims, “Offspring who grow up in a community with a high level of income and educational attainment may benefit more from their community environment than offspring from an identical family growing up in a less favorable community environment.” Having a higher privilege in terms of community increases children’s chances of benefiting more from the investment that their parents make in them. The child’s family background is undoubtedly important in future success, however, the effect of the community is equally significant. The community is critical because:

[Children from better communities] may attend higher quality elementary and secondary schools. The peers with which they interact would probably have higher educational and occupational aspirations. More information about higher quality jobs and careers would be available from neighborhood people. Some people may even be directly able to help in acquiring higher-level jobs through recommendations, information about

job openings, etc. Since the first group would have easy access to many market-valued characteristics at low cost, the price of the provision of a given amount of investment in terms of foregone current family consumption will be smaller for the parents of the first group than the price faced by the parents of the second group.49

Parents can invest a significant amount of energy in their children making sure they read, write, and study daily; however, the children are surrounded by the neighborhood when they leave the home. They go to school and are confronted with uninterested and disillusioned teachers that teach to the test, and interact with many educationally apathetic counterparts—which has detrimental effects on the child.

Not only are the schools in the thriving neighborhoods of higher quality, but the parents are also offered market-valued characteristics for their children at lower costs. This means that these parents are able to retain portions of their money and use it to invest in other areas, while simultaneously improving the education and lives of their child. Contrastingly, parents from disadvantages communities invest capital and resources—which they often do not have—in their children to improve their outcomes. However, that investment comes at higher costs and the return is frequently smaller than the investment, in which case the family mobility is stagnated, with more debt added.

One can see how skewed and misleading the results are without all pertinent variables if economists still ascribed to the aforementioned investment-

49 Ibid.
return model. The investment-return model is simple and policy can be implemented precisely to intervene; but the problem is complex. Adding a one-dimensional solution to a multi-faceted problem will solve little.

**Neighborhood Effects**

Scholars and researchers have tried to evaluate the effect of the school environment and their effect on educational attainment and achievement devoid of neighborhood effects; however, this is a difficult task because neighborhoods influence the school’s environment. Jargowsky (2009) affirms, “School environments and school context are shaped by many factors, but clearly the characteristics of the families in the neighborhood are a principal driving force. Even if neighborhood conditions are less robust than school context effects, concern about neighborhood conditions is still justified. Schools are largely formed as a geographic overlay on residential segregation.”

50 Taking into account all of the numerous areas that hinder children’s attainment is difficult, but important because children are being affected from many different areas, so policies or experiments should not only focus on one or two factors. In order to tackle the problem “we ought to be concerned about neighborhood effects on school achievement both by direct mechanisms and indirectly through their role in shaping school environments.”


51 Ibid. 287.
A critical area where children from different neighborhoods diverge in outcomes is the information available. As the previous quote mentions, access to information about higher paying jobs and careers is readily available to the children in advantaged neighborhoods. Neighbors may also be in a position to hire the children once they reach career levels. Therefore, even if a parent from the worse-off neighborhood has information and access to occupational resources, many of the other children have those positions taken already. This validates and highlights the privilege of the old adage, “It’s not about what you know, it’s about who you know.” The American Sociology Association confirms the benefits of living in better neighborhoods in their 2010 issue on the Sociology of Education. They argue that residing in advantaged neighborhoods increase educational attainment, even if the child’s family influence, such as parents with degrees or financial resources, is taken out of the equation. This may be a result of having more social ties and networks available to assist the child’s educational success. Advantaged neighborhoods may also have more role models to guide children in following societal norms.\(^\text{52}\)

Parents can increase their income a meaningful amount, however, if they live in the same area their influence is still limited. Outside sources, such as neighbors, volunteer programs, etc., help lead to educational attainment. Owens continues to say, “Living in a neighborhood with more affluent families, a higher proportion of managerial or professional workers, a lower high school dropout rate, a lower unemployment rate, and more ethnic diversity increases the chances

\(^{52}\text{Ibid. 288.}\)
of an adolescent completing high school and positively affects overall educational attainment." It is common knowledge that mixing cultures and knowledge from a diverse group is beneficial to the overall betterment of society, yet, people continue to separate themselves and make America more segregated than it has been in 60+ years.

Essentially, these families in poor neighborhoods are stuck in what is known in Development Economics as a poverty trap—a term coined by Jeffery Sachs. Sachs is a renowned economist from the Earth Institute at Columbia University. One of his best-known works, The End of Poverty, argues for a substantial increase of foreign aid to poor, developing countries around the world, especially Africa. He believes that these countries are in what is known as a poverty trap; a situation in which a developing country cannot escape poverty due to a lack of resources that could otherwise be invested as a means to grow out of poverty. Similarly, families are stuck in pockets of disadvantaged rural and urban communities across America; this cycle is perpetuated throughout generations and the divide becomes vaster.

**Collective Socialization**

Socialization is the process whereby an individual acquires a personal identity and learns the norms, values, behavior, and social skills appropriate to his or her social position. During early childhood, girls and boys spend much of their

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53 Ibid. 288.
54 Chronicle, Cornell. “High-income Americans are more segregated than ever” (Stanford University, 2013).
time in the home with their families and look to parents and older siblings for guidance. Parents provide children with their first lessons about the fundamental components of life: language, independence, etc. Collective Socialization acts in similar ways, but the emphasis is on taking a group of individuals who are in the same situation and putting them through the same set of experiences together. Neighborhoods provide children with their first lessons about what society is like. Wilson (1992) argued: “Neighborhood characteristics influence collective socialization processes by shaping the type of role models youth are exposed to outside the home.”

Neighborhoods with adults that have stable jobs provide children with a successful model to thrive, this is conducive to success in school and employment. Correspondingly, these children are likely to value hard work, education, and following school standards.

Children model their behavior after those who are in close proximity to them in the community. In neighborhoods in which many adults do not work, Wilson claims life may be “incoherent” for children due to the lack of structured norms in an unstable environment. The in-school actions and outlooks of youth in disadvantaged neighborhoods “are likely to be conflicted because of the competing influence of mainstream ideological imperatives and structural constraints resulting from a lack of opportunity that prevents youth from reaching their goals.”

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56 Ibid. 199.
An important aspect of the educational literature that scholars must emphasize is the connection between “structural factors and individual-level processes”. Without attention to both structural and individualistic factors and their association to one another, our knowledge of educational processes is inadequate. This micro-macro link shows that certain neighborhood characteristics are influential predictors of educational outcomes.

Discovering and discussing the ways neighborhoods effect the people that live in it is essential to ameliorating these issues. Poor neighborhoods often lack a substantial local tax base, resources, market information, role models, quality teachers and peers, grocery stores, good air quality, and clean public goods. Without these necessities, developing children are disadvantaged with little to pull them from their situation.

58 Ibid. 144.
Chapter Four

Introduction

Today there is a vast difference in the health statuses of children in wealthy and impoverished households. Usually the difference is attributed to the characteristics of the family (e.g. medical history, lifestyle, race, etc.), however, recent literature has delved into the effects of neighborhood on health outcomes. From the 1960s and onward, white, middle-class families vacated major cities to live in the suburbs; consequently, supermarkets left with them. Upon their departure, supermarkets modified their businesses to better accommodate the new environment. They built larger stores and developed food chains nationwide in order to get contracts with large suppliers and distributors to stock the shelves with foods demanded by a suburban population. Since then the structure of the grocery industry has changed dramatically. There has been a substantial consolidation and growth in discount stores, supercenters, and specialty/natural food retailers. Simultaneously, alternative sources of fresh foods such as farmers’ markets, produce stands, and community-supported agriculture programs have multiplied throughout predominantly middle-class or affluent communities. Fortson and Sanbonmatsu (2010), summarized the potential impacts of neighborhoods on health well:

Fig ___ source: The Sociological Cinema. thesociologicalcinema.com
Robert (1999) proposes a conceptual model of how the physical, social, and service environments of communities impact the health of individuals through biological, behavioral, psychological, and social pathways. Poor quality housing—by increasing exposure to household dangers, vermin, and toxins—could have adverse effects on health for both children and adults. Neighborhood physical environment may affect health through hazards that increase the risk of injury and exposure to air and water pollution. Likewise, the social aspects of neighborhoods could impact health. The chronic stress of living in a dangerous neighborhood may trigger physiological responses that adversely affect health, and social context may affect health behaviors such as diet and exercise. Lastly, neighborhoods may differ in terms of the availability of medical care and other services.  

Within this field there are three important factors that relate to neighborhoods and health outcomes: the physical conditions within homes; conditions in the neighborhoods surrounding homes; and housing affordability, which not only shapes home and neighborhood conditions but also affects the overall ability of families to make healthy choices.

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61 Fortson, Jane G. and Sanbonmatsu, Lisa. “Child Health and Neighborhood Conditions: Results from a Randomized Housing Voucher Experiment” (University of Wisconsin Press, 2010).
One aspect of good health is living in a home that is secure and contains no physically hazardous elements. A home free of unsafe exposures enables families to feel they have control, stability, solitude, and security; these all make vital contributions to overall wellbeing. When conditions are substandard, children run the risk of contracting chronic diseases and suffering injuries, which are detrimental to their childhood. The Robert Wood Johnson foundation studied many components of neighborhoods and health. They found that when children live in substandard homes, they are often coexisting with poor indoor air quality, lead paint and other health hazards. The condition of the home and the socioeconomic status of the family are compliments to each other. So, a family with low financial resources are more likely to live in substandard homes with no money to renovate—separating the divide in health in the U.S. a little further with each family.

The living standards of families across the country from lower socioeconomic statuses reflect, in some way, the aforementioned issues; this means the problem is not an anomaly but a systematic occurrence (Starfield, 2001). Health inequalities are systematically connected to social disadvantage. Not only do poor neighborhoods have the potential to impair health, but also put

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64 Starfield B. “Improving equity in health: a research agenda.” (Int. J Health Serv. 2001) 556.
each individual’s family at higher health risks—making it more difficult to
overcome their disadvantages.

There are numerous consequences that can occur from living in a house
with poor structures, spacing, and air quality. First, poor housing conditions, such
as pipe leakages, poor ventilation systems, unclean floors and insect infestations
lead to increases in mold, mites and other hazards associated with poor health.
Indoor hazards and damp housing conditions play a pivotal role in the growth of
respiratory conditions like asthma—which currently affects over 20 million
Americans and is the most common chronic disease among children.65 Around
40% of nonhereditary asthma among children is attributable to residential
exposures.66 Also, an important statistic to note is in 2004, the cost of preventable
hospitalizations for asthma was $1.4 billion.67

Second, poor housing has exposed families to various carcinogenic air
pollutants. Radon, which can cause lung cancer, has shown up in an estimated one
in fifteen homes.68 Also, residential exposure to tobacco smoke, contaminants

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65 Bloom B and Cohen RA. "Summary Health Statistics for U.S. Children:
National Health Interview Survey" (Vital Health Stat. National Center for
Health Statistics, 2007.)
Exposures to Asthma in U.S. Children and Adolescents." (Pediatrics, 2001.)
Hospitalizations among Adults and Children, 1997-2004. Rockville, MD:
Agency for Healthcare Research and Quality, August 2007.
on Housing and Health. Fourth Ministerial Conference on Environment and
from heating and cooking with gas, Volatile Organic Compounds (VOCs), and asbestos have been linked with respiratory illness and some types of cancer.\textsuperscript{69}

Finally, “Residential crowding has been linked both with physical illness, including infectious diseases such as tuberculosis and respiratory infections, and with psychological distress among both adults and children; children who live in crowded housing may have poorer cognitive and psychomotor development or be more anxious, socially withdrawn, stressed or aggressive.”\textsuperscript{70}

As previously mentioned, the many issues that can arise within substandard homes have the potential to stunt development and cause irreparable damage in children, adding to the multitude of other factors that hurt future socioeconomic mobility.

\textit{Neighborhoods and Health}

Neighborhoods have been known to affect children’s health over the short and long run. Due to the varying statuses of neighborhoods in which children develop, the longevity of life will also vary. A community’s features will either provide a safe haven for children to enjoy themselves, develop healthily, breath clean air, and feel protected from crime. Most American families aim to find a place that fulfills those requirements; however, “housing discrimination has limited the ability of many low-income and minority families to move to healthy

neighborhoods. The concentration of substandard housing in less advantaged neighborhoods further compounds racial and ethnic as well as socioeconomic disparities in health.\textsuperscript{71}

Scholars recently have begun studying the lack of healthy food options in disadvantaged neighborhoods and its effect on health. They discovered that in thousands of neighborhoods across America access to healthy, inexpensive, and high quality food is unattainable. Also, they found major disparities in food access by race and income and for low-density, rural areas.

While some neighborhoods continue to thrive, many others live in “food deserts”—areas where there is little or no access to healthy and affordable food. Devoid of retailers with fresh food, these communities lack the benefits (i.e. health and economic) they bring to neighborhoods. This is crucial for low-income families of color given the vast disparities in health that exist in areas including obesity, diabetes, and other diet-related diseases. Grocery stores and supermarkets also provide economic support in a neighborhood—producing local jobs and

offering foot traffic for additional businesses. Smaller food retailers and farmers’ markets can also strengthen the local economy and contribute to a healthy neighborhood business environment. Even though the lack of access to healthy foods has burdened residents of low-income urban neighborhoods and rural areas for decades, until recently the issue was largely confined to the occasional local news story; however, much more attention is being paid to this issue now.

(Treuhaft & Karpyn, 2010), claim:

[There is a] predominance of convenience/corner/liquor stores:
Nationally, low-income zip codes have 30 percent more convenience stores, which tend to lack healthy items, than middle-income zip codes.
Lack of transportation access to stores: Residents in many urban areas (including Seattle, Central and South Los Angeles, and East Austin, Texas) have few transportation options to reach supermarkets. Inadequate transportation can be a major challenge for rural residents, given the long distances to stores. In Mississippi—which has the highest obesity rate of any state—over 70 percent of food stamp eligible households travel more than 30 miles to reach a supermarket.

Due to this lack of variety and health in food options, families in disadvantaged neighborhoods are forced to eat foods much higher in sodium, calories, sugar, saturated fat, and high fructose corn syrup, etc., which place developing children

\[72\] Ibid.
at an extreme risk for health issues in the future. The stark contrast can be seen when looking at the statistics from different cities in the US:

In Detroit and New Haven, produce quality is lower in low-income communities of color compared to more affluent or racially mixed neighborhoods. In Albany, New York, 80 percent of nonwhite residents cannot find low-fat milk or high-fiber bread in their neighborhoods. And in Baltimore, 46 percent of lower-income neighborhoods have limited access to healthy food (based on a healthy food availability survey) compared to 13 percent of higher-income neighborhoods.\textsuperscript{74}

Figure 5 shows the distribution of people in America with no car and no access to a supermarket within a mile.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{map.png}
\caption{No Car and No Supermarket Store Within a Mile}
\end{figure}

A 2009 study by the U.S. Department of Agriculture found that 23.5 million people lack access to a supermarket within a mile of their home. A recent multistate study found that low-income census tracts had half as many supermarkets as wealthy tracts. Another multistate study found that eight percent

\textsuperscript{74} Ibid. 8.
\textsuperscript{75} Source: United States Department of Agriculture.
of African Americans live in a tract with a supermarket, compared to 31 percent of whites. And a nationwide analysis found there are 418 rural “food desert” counties where all residents live more than 10 miles from a supermarket or supercenter—this is 20 percent of rural counties.76

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76 Karpyn, Allison & Treuhaft, Sarah (Policy Link & The Food Trust, 2010). 8.
Chapter Five

Introduction

It is not hard to see at this point that the community in which a child grows up has a substantial effect on his or her future opportunity. For this reason many scholars and policymakers have studied neighborhood effects in order to fully understand the complex and multifaceted ways a neighborhood impacts the lives of its inhabitants. The Moving to Opportunity (MTO) project was undoubtedly a step in the right direction. The planners understood that being exposed to a better environment is conducive to better outcomes, so they decided to give families the opportunity to move to better neighborhoods and measure the results after 10 years—focusing more on the adults than the children. The research evaluating MTO found that moving to lower-poverty areas greatly improved the mental health, physical health, and subjective well being of adults as well as family safety.\footnote{Katz, Lawrence F., Jeffrey B. Liebman, and Jeffrey R. Kling. “Moving to Opportunity in Boston: Early Results of a Randomized Mobility Experiment.” (Quarterly Journal of Economics, 2001).} In spite of the positivity, the results were disappointing in regards to the adult’s income and employment rates because there were no significant impacts.

Hendren and Chetty re-evaluated the results from the MTO program and found “that moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who were young (below age 13) when their families moved. These children also live in better neighborhoods
themselves as adults and are less likely to become single parents.” Hendren et al. noticed a divergence in the incomes of the different groups of children. The children from the areas with lower poverty were making about 30% more than the average income of the control group by their mid-twenties. Even though there were many positive impacts from this project, there was also an important negative long-term impact. Hendren et al. found “negative long-term impacts on children who are more than 13 years old when their families move, perhaps because of the disruption effects of moving to a very different environment.”

This indicates that there is a critical point where the developmental stage and the neighborhood effects have been solidified. Nevertheless, these results suggest that offering vouchers to relocate to lower-poverty neighborhoods to families with young children who are living in high-poverty housing projects can lower the amount of poverty traps and ultimately generate positive returns for taxpayers.

Where this project departs from the MTO project and Hendren et al. is in the emphasis of the solution. The focus has primarily been on taking families and removing them from high poverty areas. However, if the project were scaled up to a national level, then there would hoards of people leaving to a new neighborhood—but what of the old neighborhood? The people who cannot move will be left with less taxes payers, educators, businesspeople, etc., which will worsen an already difficult situation. The people who accept the vouchers and move are potentially upwardly mobile, motivated individuals that have valuable

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79 Ibid.
information that could have been passed to the underserved children had they stayed. Also, the detrimental effects observed from dislocating male children 13 and older, may affect all children in varying ways; growing and developing in one area and then being placed in an entirely different and often critical social context often produces negative consequences.

The research question of the new experiment that will be run is, “Does improving the poor neighborhoods have a greater, longer lasting, and sustainable effect on the future of children than the children who moved during the MTO experiment?”

Experiment and Research Design

The design of this experiment will be similar to the MTO experiment. There will be a randomized housing mobility demonstration, enrolling 6,000 low-income families living in five U.S. cities – Baltimore, Boston, Chicago, Los Angeles, and New York – for a ten-year span; and then a follow-up to measure extended long-term results. The experiment will take a significant amount of time to discover if the project is meaningful. The issue of inequality of opportunity via neighborhood effects took several decades to reach its current level. Similarly policies aimed at solving the solution will take longer to take effect. Eligible families must have children 10 or younger and reside in public housing or project-based Section 8 assisted housing in high-poverty areas—40% poverty or more.

There will be three groups in this experiment: i) Control group one, which will include families with children 10 or younger and will receive no assistance
from this experiment. This group is important is because it will provide a baseline in order to measure the results from the other two groups against an unbothered source. ii) Treatment group 1 will consist of families with children 10 or younger that are given housing counseling and vouchers to move to areas with 10% or less poverty. The purpose of this treatment group is to compare the results to the treatment group. There may be differing results based on moving to an unfamiliar area, with less diversity, comfort, and prejudice, rather than fixing the original neighborhood. iii) Treatment group 2 will comprise families with children 10 or younger that will receive housing counseling and a conditional voucher to use only within the community/town they reside.

*Conditional Voucher*

Little research has been done in America on conditional cash transfers (CCT) and the effect it can have on parents and children. However, CCTs have been studied in other countries and have produced noteworthy results. PROGRESSA, an experiment conducted in Mexico in 1998, provided cash incentives to parents to help with health, nutrition, and education. The mothers of the participating families were given the chance to make up to $62.50 per month to keep their children in school regularly. Extra incentive to succeed in school was added by enforcing a no fail policy. If a student received an F more than once, the family became ineligible to participate in the experiment any further. Schultz
(2000) reported that PROGRESSA had a positive impact on enrollment for boys and girls in primary and secondary schools.\textsuperscript{80}

Opportunity NYC, a program modeled after PROGRESA, was also an experimental conditional cash transfer program. It was conducted in New York City in 2007, and ended in 2010. The program involved three sections: Family Rewards, Work Rewards, and Spark. The first section offered incentives to parents to take care of all their children’s necessities; the second section gave incentives to join the labor force; and the third section provided student incentives to excel in class.\textsuperscript{81} The experiment enabled families to save more and not rely on loans from banks or friends. The program also took away the food hardships that some families were enduring and increased the graduation rates of proficient high school students.\textsuperscript{82}

The vouchers in my experiment will reflect the conditional vouchers above. Children must attend school daily, with exception for sickness, emergencies, or any other unforeseen occurrences. Students who receive multiple fail grades will have one leniency fail, the second will place their family on a two-month probationary period where the student must receive tutoring and show improvement, and the third fail will end in termination from the experiment. The probationary period is included to see how students and families respond once

\textsuperscript{80} Schultz, T. Paul. Impact of PROGRESA on school attendance rates in the sampled population. (International Food Policy Research Institute, 2000).
\textsuperscript{81} Fryer Jr., Roland et al. “Parental Incentives and Early Childhood Achievement: A Field Experiment in Chicago Heights” (NBER, 2015).
\textsuperscript{82} “Conditional Cash Transfers in New York City: The Continuing Story of the Opportunity NYC–Family Rewards Demonstration” (MDRC, 2010).
financial resources are suspended with an opportunity to gain them back, and if
this produces lasting results once the resources return. Parents must look for
employment consistently if they are not employed before the experiment
commences, and all must report their work attendance monthly.

Vouchers will also be given to take care of health and food for the
children. All funding from the experiment must be used within the census-tract
that the family lives in. Additional incentives will be provided for families that
budget and save in order to increase their socioeconomic status, such as discounts
to restaurants, organic foods, and an incremental increase in voucher funding at
the end of the year.

*Internal and External Validity*

The results from this project will be measured in several different
variables that will determine its success, or lack thereof. For the children of the
families, the effects will be measured by economic self-sufficiency in adulthood,
mental/psychological and physical health, college attainment, and marital status.
Economic self-sufficiency will be used to compare the differences in career/job
attainment and income between the different groups of children. This
measurement will also be used to show, how long do they have the career/job for
and what types of occupations they choose. Mental/psychological and physical
health are tremendously important in measuring the effect each environment has
on its inhabitants. Lastly, college attainment and marital status will be used to
measure the effect on the amount of students entering higher education and
receiving a degree(s); and marital status is essential to see what conditions negatively effect the amount of single parents, especially in minority families.

As was mentioned before, once a certain age is reached the effect of changing the neighborhood becomes increasingly insignificant, therefore the measures for adults will be mental/psychological and physical health and job/career attainment. Health is being measured is because it will be interesting to note the improvement in health and stability, if there is any. In addition, job/career attainment will be used to see if there is an effect on motivation to work and/or reaching higher positions.

In both groups I will measure the effect that changing the neighborhood has on community and volunteering. Improving the neighborhood where one has grown up and offering more opportunities may induce inhabitants to become more involved in the betterment of their community. People who have a deep connection to their neighborhood are happier,\textsuperscript{83} and have a greater sense of responsibility in its upkeep.

This experiment when scaled up to the national level will continue to make a positive, sustainable difference because the focus is on each separate neighborhood improving so that the people are staying and changing their neighborhoods for the better. The disadvantaged neighborhoods will start to emulate the advantaged ones in regards to education, food, air quality, and opportunity. This experiment has the potential to be replicated in many different

areas and countries since we are all bound in some way to our communities and desire a better life for our descendants. Another encouraging result that may come from the experiment are the positive spillover effects. For example, a deworming randomized control trial was run in Kenya in 75 primary schools with over 30,000 students. The researchers wanted to test if the deworming drugs were effective. The study found, “Deworming reduced moderate to heavy helminth infections by at least 31 percentage points (76 percent) amongst children in the treatment groups.” Additionally, the children who were in the same classrooms as the treated students were healthier overall because they had less exposure to the disease, hence the positive spillover effects. Analogously, positive spillover effects may occur within the home, school, and neighborhood.

Limitations

Some difficulties may arise from this experiment due to the complex nature of the problem at hand. First, the allocation of vouchers will be difficult, as far as the appropriate amount of funding to give to each family, in each group. Second, accurately dividing up the neighborhoods/towns for each county/district for the five separate cities. Third, collecting all the data from families and having measurable variables will be challenging due to the sample size and length of the study. Finally, this experiment is a demand-side focused project, meaning the consumers. If the supply side, local business, grocery stores, and local

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government doesn’t return this creates an issue. In these four cases, more discussion and planning are required.
Conclusion

This senior project has discussed the ways in which neighborhoods are significant in one’s development and future. The Moving to Opportunity experiment was conducted to measure the “impact of housing counseling and other assistance on the housing choices of Section 8 households, as well as the long-term effects of access to low-poverty neighborhoods on the housing, employment, and educational achievements of the assisted households.”\textsuperscript{85} The experiment showed improvement for adults in several areas such as: a lower amount of individuals suffering from extreme obesity, decreased amount of diabetes and physical limitations. Unfortunately, hypertension and some other health risks were similar across the board. For youth the experiment proved to work more for females than males. In females the experiment improved: lifetime mood disorders, emotional and behavioral difficulties, panic attacks, and psychological distress.\textsuperscript{86} Other mental health problems stayed similar across the board. For male youth, “moving to lower poverty neighborhoods may have increased lifetime post-traumatic stress disorder… Although not reaching statistical significance, many of the other mental health indicators had worsened for male youth after moving.”\textsuperscript{87}

Professors Raj Chetty and Nathaniel Hendren reevaluated the data and noticed the significance of effect on children. In their research they found that moving children to a low-poverty area, greatly increases the amount of college

\textsuperscript{85} Moving to Opportunity for Fair Housing (U.S. HUD, 2011).
\textsuperscript{87} Ibid. xviii.
enrollees and attendance rates. Growing up in a better neighborhood increases the chances of children living in similar neighborhoods in adulthood and lowers the chances of single parenthood. They also found a substantial increase in annual income; 30% more than the adults who grew up in high-poverty areas. Lastly, Chetty and Hendren discovered negative long-term impacts on children 13 years or older after moving. This happened possibly because of the dislocation effects of moving to a new environment. This is crucial information because it pinpoints the time when neighborhood effects become ingrained in the individual to the point where moving either worsens or has no effect on him or her.

This project’s proposal departs from the MTO project and the Harvard professors in the methodology of neighborhoods. Instead of moving to opportunity, I desire to make the opportunity more available in high-poverty neighborhoods. Families will be given vouchers and counseling in order to use within their neighborhoods, which will increase tax money and incentivize local business to return. The project can also be extended to businesses. For example, a school that receives funding to renovate its property must use contractors and construction companies in the area, or work with local bookstores/libraries for textbooks, study resources, etc. Neighborhoods are a quintessential part of where one ends up in life, and fixing them is of crucial importance to pushing this country forward.

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89 Ibid.
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