New Findings on College and Intergenerational Mobility and their Implications for NYU

Report by David Stasavage

Recently, several prominent economists\(^1\) released the results of a study on college and intergenerational mobility that received major press attention. The underlying data from this study are publicly available, and they suggest that compared to a number of peer institutions, NYU is doing relatively well in helping students from lower income backgrounds to earn higher incomes. The underlying data also suggest why NYU is doing well. NYU admits a greater share of students from low-income backgrounds than many of its peers. At the same time these low-income students succeed at roughly the same rate as do low-income students at peer institutions. Finally, the data also suggest how NYU can continue to do well going forward by maintaining access for low-income students.

The data are part of an ongoing effort led by Raj Chetty, an economist at UC Berkeley, to trace intergenerational income mobility in the United States. The data are based on earnings (Adjusted Gross Income) of individuals in 2014 compared with parent earnings, all based on federal tax data. The individuals considered are those who attended college between 1999 and 2013. The data include both individuals who attended a college but did not graduate and those who graduated.

The authors have used the data to produce two core measures of intergenerational mobility:

(1) *Mobility:* The percentage of a university’s former students whose current earnings are in the top quintile of the income distribution and whose parents were in the bottom fifth of the income distribution.

(2) *Upper Tail Mobility:* The percentage of a university’s former students whose earnings are in the top one percent of the income distribution and whose parents were in the bottom fifth of the income distribution.

The authors have also provided the underlying data used to construct the two above measures. Each mobility measure is constructed by first taking the share of students from low-income backgrounds (parental earnings in the bottom quintile). This share is then multiplied by what the authors call the “success rate.” This is the fraction of students from low-income households who subsequently have earnings in either the top quintile or top one percent of the distribution for their birth cohort.

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\(^1\) Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. 2017. “Mobility Report Cards: The Role of Colleges in Intergenerational Mobility”
I compared Mobility and Upper Tail Mobility rates for NYU with the average rates in the following comparator groups: UAA schools², Urban Privates³, a broader comparison list⁴, Ivy League universities, and finally a list of top public universities.⁵ For reference, I also compared NYU with the average for all colleges of the CUNY system, in addition to all colleges in the SUNY system. Data for all these universities can be found in the Excel file distributed with this memo.

Both in terms of Mobility and Upper Tail Mobility into the top one percent, NYU’s performance exceeds the average of each of the comparator groups. In fact NYU’s performance also exceeds the performance of almost all individual universities within these groups. NYU’s mobility performance exceeds:

- All schools in the UAA group for Mobility and Upper Tail Mobility
- All schools in the urban privates group with the exception of USC for Mobility.
- All Ivy League schools with the exception of Columbia for Upper Tail Mobility.
- All schools in the long list with the exception of USC and Fordham for Mobility and Columbia, Johns Hopkins and Stanford for Upper Tail Mobility.
- All top publics other than University of California schools for both mobility measures. The three UC schools considered have higher Mobility rates than NYU. Among those three only Berkeley has a higher Upper Tail Mobility rate than NYU.

Beyond the comparison between NYU and specific groups, it’s also worth considering how NYU ranks among all institutions of higher education nationally. If we consider NYU against the 1048 other institutions of higher education that have annual cohorts in excess of 500 students, then we see the following. When it comes to Upper Tail Mobility, NYU is ranked seventh nationally. When it comes to the main Mobility measure (reaching the top quintile), NYU ranks 85th. This is in keeping with the general national trend whereby elite institutions are the top performers with regard to upper tail mobility whereas several broad access public institutions (such as the CUNY system) and community colleges tend to have the highest rates for “standard” mobility.

In addition to data on mobility and upper tail mobility for individual schools, we also have access to the subcomponents of these two measures: (1) the fraction of students coming from households in the bottom quintile (2) the fraction of this group that reaches the top quintile in income (3) the fraction that reaches the top one percent in income. These are reported in the Excel spreadsheet. It is clear from these figures that NYU’s mobility performance comes from having substantially more students from low income

² Brandeis, CMU, Emory, Case Western, Chicago, Rochester, Wash U.
³ Penn, Chicago, Boston University, USC, GW, Georgetown
⁵ This list includes UC Berkeley, UCLA, UCSD, Michigan, Texas, Virginia, North Carolina, Washington, Illinois, Wisconsin, Maryland, and Minnesota.
households (twice the fraction of the Ivy League) while having success rates that are comparable to peer institutions.

A final measure reported by the Chetty et al. study is the change in the percentage of students coming from low income households between the 1980 and 1991 birth cohorts. This provides one potential warning for NYU in that the fraction of students from low-income households has dropped during this period. Part of this is likely to have been an inevitable consequence of NYU having become a more selective institution. It would be worth investigating whether increased costs of access have also contributed to this trend.

To sum things up, the data from the study by Chetty et al. suggest that NYU is well placed among its peers when it comes to fostering intergenerational income mobility even if it is clear that attention should also be paid to the drop in the fraction of students from low income backgrounds.

Finally, three caveats are worth making regarding these mobility measures.

The first caveat is that mobility can be driven not only by quality of instruction but also by variation in employment prospects across regions. As long as students tend to seek work in the region where their university is located, then universities located in areas with better employment prospects will have higher mobility rates for reasons that have nothing to do with their own policies. With this said, for NYU even if New York City has a vibrant economy, we have comparison data from other schools in the area, and NYU still fares well relative to these peers.

A second caveat is that beyond quality of instruction, mobility can also be driven by a selection effect whereby different universities attract groups of low-income students with differing levels of ability. This could potentially provide a boost to the mobility rates for the most selective universities that doesn’t necessarily have anything to do with the quality of the instruction they offer or the way they use their resources. To the extent this is the case, it could make NYU’s achievements all the more impressive relative to the most selective schools, such as Harvard and Princeton.

Finally, we also need to recognize that the data on mobility performance across universities do not take account of variation in the cost of education across institutions. Ideally, we would like to know which institutions generate high mobility simply because they are expensive and which institutions generate high mobility because they are use resources more efficiently. Looking at “sticker price” figures for tuition, room, and board are of little help here given that a great many institutions provide substantial aid for students from low-income households.