The Long-Run Effects of Residential Racial Desegregation Programs: Evidence from *Gautreaux*[*]

Eric Chyn
University of Texas at Austin and NBER

Robert Collinson
University of Notre Dame

Danielle Sandler
U.S. Census Bureau

September 16, 2022

Abstract

This paper provides new evidence on the long-run effects of residential racial desegregation programs by studying the Gautreaux Assisted Housing Program. From the late 1970s to the 1990s, the Gautreaux program assisted thousands of Black families in relocating to predominately White, mostly suburban neighborhoods. We link historical Gautreaux program records to administrative data and use plausibly exogenous variation in Gautreaux placements to estimate the effects of being placed in White neighborhoods on the long-run outcomes of children. We find that moving to a White neighborhood significantly boosts children's future lifetime earnings, employment, and wealth. Gautreaux children placed in a White neighborhood are also significantly more likely to be married and twice as likely to be married to a White spouse. Moreover, neighborhood placements through Gautreaux shape the neighborhood choices of Gautreaux children in adulthood. Children placed in White neighborhoods during childhood are residing in neighborhoods that are significantly less Black with more non-Hispanic White residents nearly 40 years later.

Keywords: Neighborhoods, Desegregation, Children.
JEL codes: J15, I38, R23.

[*]**Chyn:** Department of Economics, University of Texas-Austin, and the National Bureau of Economic Research, Email: eric.chyn@austin.utexas.edu. **Collinson:** Department of Economics, University of Notre Dame, Email: rcollin8@nd.edu. **Sandler:** U.S. Census Bureau, Email: danielle.h.sandler@census.gov. We thank Jeff Kling and Todd Richardson for their help accessing data from the Gautreaux Assisted Housing Program. We also thank Raj Chetty, Stefanie DeLuca, Nathan Hendren, Larry Katz, and Jeffrey Liebman for helpful conversations. This project received financial support from the National Science Foundation (NSF Award Number: 2018266). Any opinions and conclusions expressed herein are those of the authors and do not represent the views of the U.S. Census Bureau. This research was conducted as a part of the U.S. Census Bureau's Evidence Building Project Series. The Census Bureau has reviewed this data product to ensure appropriate access, use, and disclosure avoidance protection of the confidential source data used to produce this product (Data Management System (DMS) number: P-7530292; Disclosure Review Board (DRB) approval number: CBDRB-FY22-CES018-018)

1 Extended Abstract

Residential segregation by race remains a persistent feature of U.S. housing markets. Despite declines in segregation during the past four decades, the average Black household currently lives in a Census block that is 54 percent Black, although Black households make up only 12 percent of the population. A large social science literature, both theoretical and empirical, provides evidence that Black-White residential segregation has important effects on economic and social outcomes of Black families (Wilson, 1987; Cutler and Glaeser, 1997; Denton and Massey, 1993; Ananat, 2011; Chetty et al., 2020).

However, empirical evidence on the effects of policies that reduce residential racial segregation is limited. A robust and growing literature examines the impact of school desegregation policies (Bergman, 2018; Billings et al., 2014; Johnson, 2011, 2019; Guryan, 2004), but there is comparatively little on the impact of policies to reduce *residential* desegregation. The Moving to Opportunity (MTO) experiment provided rigorous evidence on the impact of changing residential segregation by income but did little to desegregate on the basis of race. Even among MTO participants who leased-up in low-poverty neighborhoods, only 18 percent moved to neighborhoods that were majority White.[1]

In this paper, we study the long-run consequences of the largest residential racial desegregation program in U.S. history: the Gautreaux Assisted Housing program. From 1976 to 1998, the Gautreaux program helped more than 7,000 Black families living in urban neighborhoods in Chicago move to private rental housing. The result of a class action lawsuit, the Gautreaux program inspired numerous suits across the country to desegregate housing via housing policies such as public housing or vouchers.[2] Gautreaux was designed to place Black families in mostly White, frequently suburban neighborhoods. As a results of its emphasis on reducing racial segregation, 83 percent of households that participated in Gautreaux moved to neighborhoods where the fraction of Black households was less than 30 percent.

At the outset, it is unclear whether and by how much moving to a White neighborhood may affect outcomes for low-income Black families. On the one hand, the children and adults in Gautreaux could benefit from living in neighborhoods with potentially lower crime rates, attending schools with greater resources, or through higher employment rates (Clampet-Lundquist et al., 2011). On the other hand, Black families moving to White neighborhoods could face hostility from White institutions or neighbors, exposing them to new risk. For example, Black children could face increased stigmatization or scrutiny in White neighborhoods by police (Bergman, 2018) and receiving white neighborhoods could alter public investments

[1]Similarly, Chyn (2018) studying the impact of relocating due to public housing demolitions finds large reductions in neighborhood poverty exposure, but minimal change in exposure to greater racial diversity.

[2]Following Gautreaux, similar suits were initiated in: Baltimore (MD), Buffalo (NY), Cincinnati (OH), Dallas (TX), Miami (FL), Minneapolis (MN), New Haven (CT), New York (NY), Omaha (NE), Pittsburgh (PA), Port Arthur (TX), Toledo (OH) and Yonkers (NY).

to curtail opportunities for Black families (Derenoncourt, 2022). Moving to suburban areas could also reduce participant's proximity and access to social networks. Finally, children of Gautreaux households that relocated to suburban neighborhoods attended majority-White schools. Prior research suggests that this change could increase the incidence of risky behavior and interactions with the criminal justice system (Kling et al., 2007; Clampet-Lundquist et al., 2011; Chin, 2021; Bergman, 2018; Bacher-Hicks et al., 2019).

While the Gautreaux program sought to move families to predominately White, mostly suburban neighborhoods, it was a frequent challenge for program administrators to find sufficient affordable rental units in White communities that would lease to Black families using vouchers. As a consequence, some Gautreaux families were placed in predominately Black neighborhoods that were deemed "revitalizing." Since most Gautreaux families were placed in units identified by program administrators according to an initial registration ordering, we argue that being placed in a White or Black neighborhood was plausibly exogenous to family circumstances. We show that after accounting for factors considered by program staff in placement—namely, the location at intake—Gautreaux families placed in White neighborhoods were observably similar to their peer Gautreaux families placed in Black neighborhoods across a range of baseline characteristics.

We construct novel data linking digitized historical records from the Gautreaux program to administrative and decennial census data to conduct the most comprehensive analysis to date for adults and the first long-run study of children's outcomes as adults. We estimate the "treatment" effects of moving to predominately White neighborhoods on the adult labor market outcomes of children by linking to more than two decades of earnings and employment records from the Longitudinal Employer-Household Dynamics data. We investigate effects on mortality by linking our sample to the Census Bureau's version of the Social Security Administration's Numerical Identification (NUMIDENT) file, which contains administrative records of death for all individuals with social security numbers (SSNs). We study impacts on marriage, interracial marriage, incarceration and home-ownership by linking to the 2010 Decennial Census. Finally, we examine whether the children in Gautreaux families chose to live in more racially diverse neighborhoods as adults nearly 40 years later using longitudinal address data from the Census Bureau's Master Address File Auxiliary Reference File (MAFARF), derived from tax records and other sources.

Compared to those placed in segregated, Black neighborhoods, children of Gautreaux participants placed in the predominately White neighborhoods targeted by the program experienced significant gains across a range of economic measures. We estimate that Gautreaux children placed in White neighborhoods earned about $2,500 (26 percent) more at age 24 than Gautreaux children placed in Black neighborhoods. By age 38, Gautreaux children placed in target neighborhoods have accumulated $51,000 (16 percent) more in lifetime earnings than their counterparts placed in Black neighborhoods. Treated children also spend more years with

formal labor market attachment. These improvements in labor market outcomes appear to have implications for household wealth: we estimate that treated children are 6-9 percentage points more like to be a homeowner by their mid-30's, and live in neighborhoods with lower poverty rates (2.5 percentage points).

The impacts of Gautreaux were not limited to standard economic outcomes. Being placed in a White neighborhood during childhood has profound impacts on the neighborhood choices of Gautreaux children in adulthood. Nearly 40 years later, the children of Gautreaux participants who moved to a White neighborhood are living neighborhoods that are significantly more diverse than their counterparts placed in Black neighborhoods. Treated children are in neighborhoods that are, on average, 35 percent Black, 9.8 percentage points lower than children placed in Black neighborhoods, and 38 percent non-Hispanic White, 6.6 percentage points higher. We show that these effects are not driven by increased tendency to live with parents or increased propensity to live in their original placement neighborhood in adulthood. We also find that treated children were 24 percent (6.9 percentage points) more likely to be married in the 2010 Census and about twice as likely to be married to a White spouse (2 percentage points increase).

This paper offers several contributions to a large literature studying whether and how neighborhood shape outcomes of children. Most notably, our analysis innovates and extends on previous research on the Gautreaux Housing Assistance Program in three main ways. First, we estimate the effects of Gautreaux placements nearly four decades after the intervention. Our focus on long-run impacts allows us to break new ground by examining important economic outcomes not measured in prior work, such as labor market earnings and wealth (as measured by home-ownership) in addition to social outcomes such as marriage. Second, our analysis relies on the most complete records of Gautreaux participants linked to administrative and census data. Early studies of Gautreaux families relied on small-scale surveys with relatively high rates of non-response and focused on short-run impacts (Rosenbaum, 1991, 1995; Rosenbaum et al., 1991; Rubinowitz and Rosenbaum, 2000).[3] Third, the research design for our analysis allows us to obtain more convincing evidence on the impacts of moves generated through the Gautreaux program. We isolate plausibly exogenous neighborhood placements with a research design that differs from earlier studies of Gautreaux. We provide evidence that our research design addresses concerns over selection bias and provide a range of sensitivity analysis that further support a causal interpretation to our findings. Overall, our analysis of Gautreaux provides the first comprehensive analysis of the long-run impacts of a residential racial desegregation program in the U.S.

We also shed light into how the effects of reducing racial segregation compare to the impacts of decreasing income segregation alone. As noted above, the MTO experiment offers landmark evidence on the effects of reducing exposure to concentrated poverty, but MTO treated

[3]For example, the only study of Gautreaux impacts on children's post-secondary outcomes (Rosenbaum, 1995) relied on survey responses from just 55 children.

households typically relocated to majority minority neighborhoods. Consistent with the MTO results, we find that moving to White, low-poverty neighborhoods through Gautreaux generated large improvements in labor market outcomes. That said, we conduct supplementary analysis and find that moves through Gautreaux had relatively distinct impacts on neighborhood choices. We link the MTO sample to address records from MAFARF and show that Black children in MTO chose neighborhoods with notably lower poverty rates in adulthood but only small differences in racial composition. In contrast, moving to a predominately White neighborhood through Gautreaux lead children to select neighborhoods as adults that are significantly Whiter and less Black. We show that these effects are unlikely to be explained by the effects of moving to lower-poverty alone and are more consistent with increased childhood exposure to diversity changing preferences for racial diversity in adulthood. Moreover, we also demonstrate that Gautreaux relocations cause children to choose neighborhoods as adults which offered higher-levels of predicted upward mobility (based on Chetty et al. (2018)) relative to MTO. This suggests that moves through Gautreaux may have larger impacts on second-generation outcomes.

Finally, our work also contributes to our understanding on the effects of policies and programs that aim to reduce to U.S. racial segregation. Prior work has predominately focused on understanding the impact of school-based desegregation and found evidence of notable benefits for minority children. Guryan (2004) finds that court-ordered desegregation led to reductions in the dropout rate for Black students. Johnson (2011), Johnson (2019) and Anstreicher et al. (2022) finds that Black children exposed to school desegregation have improved labor market outcomes and were less likely to be incarcerated. Bergman (2018) finds that a school integration increases college attendance, but also arrests for non-violent offenses. Relative to these studies, we provide the most comprehensive long-run evidence on the effects of a large-scale residential racial desegregation policy.

References

Ananat, Elizabeth, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality," *American Economic Journal: Applied Economics*, 2011, *3* (2), 34–66.

Anstreicher, Garrett, Jason Fletcher, and Owen Thompson, "The Long Run Impacts of Court-Ordered Desegregation," April 2022.

Bacher-Hicks, Andrew, Stephen B. Billings, and David J. Deming, "The School to Prison Pipeline: Long-Run Impacts of School Suspensions on Adult Crime," *National Bureau of Economic Research*, 2019.

Bergman, Peter, "The Risks and Benefits of School Integration for Participating Students: Evidence from a Randomized Desegregation Program," *Institute of Labor Economics (IZA)*, 2018.

Billings, Stephen B., David J. Deming, and Jonah E. Rockoff, "School Segregation, Educational Attainment, and Crime: Evidence from the End of Busing in Charlotte-Mecklenburgh," *The Quarterly Journal of Economics*, 2014, *129* (1), 435–476.

Chetty, Raj, John Friedman, Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter, "The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility," 2018, (No. 25147).

_ , Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter, "Race and Economic Opportunity in the United States: an Intergenerational Perspective," *The Quarterly Journal of Economics*, 2020, *135* (2), 711–783.

Chin, Mark J., "Desegregated but Still Separated? The Impacts of School Integration on Student Suspensions and Special Education Classification," *EdWorkingPaper*, 2021.

Chyn, Eric, "Moved to Opportunity: The Long-Run Effects of Public Housing Demolitions on Children," *American Economic Review*, 2018, *108* (10).

Clampet-Lundquist, Susan, Kathryn Edin, Jeffrey R. Kling, and Greg J. Duncan, "Moving Teenagers Out of High-Risk Neighborhoods: How Girls Fare Better than Boys," *American Journal of Sociology*, 2011, *116* (4), 1154–1189.

Cutler, David M. and Edward L. Glaeser, "Are Ghettos Good or Bad?," *The Quarterly Journal of Economics*, 1997, *112* (3), 827–872.

Denton, Nancy A. and Douglas S. Massey, *American Apartheid: Segregation and the Making of the Underclass*, Cambridge, MA: Harvard University Press, 1993.

Derenoncourt, Ellora, "Can You Move to Opportunity? Evidence from the Great Migration," *American Economic Review*, 2022, *112* (2), 369–408.

Guryan, Jonathan, "Desegregation and Black Dropout Rates," *The American Economic Review*, 2004, *94* (4), 919–943.

Johnson, Rucker C., "Long-run Impacts of School Desegregation & School Quality on Adult Attainments," *NBER Working Papers 16664, National Bureau of Economic Research, Inc.*, 2011.

_ , *Children of the Dream: Why School Integration Works*, New York, NY: Basic Books and Russell Sage Foundation Press, 2019.

Kling, Jeffrey R., Jeffrey B. Liebman, and Lawrence F. Katz, "Experimental Analysis of Neighborhood Effects," *Econometrica*, 2007, *75* (1), 83–119.

Rosenbaum, James E., "Black Pioneers - Do Their Moves to the Suburbs Increase Economic Opportunity for Mothers and Children?," *Housing Policy Debate*, 1991, *2* (4), 1179–1213.

_ , "Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program," *Housing Policy Debate*, 1995, *6.*

_ **, Susan J. Popkin, Julie E. Kaufman, and Jennifer Rusin**, "Social Integration of Low-Income Black Adults in Middle-Class White Suburbs," *Social Problems*, 1991, *38* (4), 448–461.

Rubinowitz, Leonard S. and James E. Rosenbaum, *Crossing the Class and Color Lines: From Public Housing to White Suburbia*, Chicago, IL: University of Chicago Press, 2000.

Wilson, William J., *The Truly Disadvantaged: the Inner City, the Underclass and Public Policy*, Chicago, IL: University of Chicago Press, 1987.