

Highlighting New Poverty Research

by Ronald Caldwell Jr.

"The Effects of University Affirmative Action Policies on the Human Capital Development of Minority Children: Do Expectations Matter?," April 2009. Working Paper available at wcpc.washington.edu/funding/docs/CaldwellAApaper.pdf

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The Effects of University Affirmative Action Policies on the Human Capital Development of Minority Children: Do Expectations Matter?

Background. In the labor market, minorities tend to earn less than whites. Emerging research suggests that some of this wage gap may be attributed to differences in acquired skills, such as in reading and math, between whites and minorities, even at the same level of education. These skill gaps between whites and minorities emerge during childhood and persist into the labor force. While differences in family characteristics such as income or parents' education contribute to the skill gap between whites and minorities, much of the gap is unexplained. Although expectations are difficult to measure, differences in expectations about the return on investment in acquiring skills might also affect the skill gap. Expectations about future discrimination or limited opportunities available to minorities relative to whites may lower the incentives for minority children or their families to invest in acquiring these skills.

Methods. Ronald Caldwell Jr. uses bans on affirmative action in California and Texas in 1996 and 1997 as a natural experiment to test the effects of reduced educational opportunities on minority children's investments in acquired skills. The 1979 cohort of the National Longitudinal Survey of Youth (NLSY79) and its child supplement (CNLSY79) provides longitudinal data for a representative sample of over 12,600 adults and a non-representative sample of over 10,000 of their children under age 14 and includes scores on a test of mathematical aptitude for children between the ages of five and 14. Caldwell uses difference-in-difference techniques to examine whether trends in the scores of minority children vary compared with trends in white children's scores in states in which there were changes in affirmative action policies. He uses difference-in-difference-in-difference techniques to test whether the scores of minority children vary from those of all children in unaffected states. In addition, Caldwell uses fixed effects models to test whether the rate of growth in test scores for individual children varies over time for minority children relative to whites in affected states or to minority children in unaffected states.

Findings. Based on the difference-in-difference results, in the states that banned affirmative action, relative to white children's scores, black children's math test scores went down significantly after the policy change; black children's test scores in the affected states also declined significantly relative to all children's scores in unaffected states. The individual fixed effects models show that test scores for black children in California and Texas grew more slowly than those of white children in those states or of black children in unaffected states. For Hispanic children, the difference-in-difference-in-difference results do not show evidence of lower scores after the policy change in the affected states. However, the fixed effects results show some evidence of lower rates of growth in scores among Hispanic children after the policy change. The negative results are strongest for minority children whose mothers have high levels of education, which could mean that these mothers are more aware of the changes or that the prohibition on affirmative action may affect these children the most. However, even children whose mothers have low levels of education show evidence of reduced test scores. The negative effect of ending affirmative action on minority children's math test scores may be an unintended effect of that policy change, but it is a result that should be further explored as it could have implications for the educational and labor market opportunities of these children over time.

Poverty Research Flash

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Poverty Research Flash 2009-05

The Effects of University Affirmative Action Policies on the Human Capital Development of Minority Children: Do Expectations Matter?

New research from Ronald Caldwell Jr.

Key Findings

- Following bans on affirmative action in California and Texas in 1996 and 1997, black children's math test scores in those states went down significantly relative to white children's; black children's test scores in those states also declined significantly relative to all children's scores in unaffected states. In addition, black children in California and Texas showed slower growth in their test scores than white children in those states or than children in unaffected states.
- For Hispanic children, the effects are more mixed. The results do not show evidence of lower math test scores among Hispanic children relative to whites after the policy change in the affected states. However, there was some evidence of lower rates of growth in test scores among Hispanic children in affected states after the policy change.
- The negative results are strongest for minority children whose mothers have high levels of education. However, even children whose mothers have low levels of education show evidence of reduced test scores.