Math 343 / 643 Spring 2025
Midterm Examination Two

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Full Name ____

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Instructions

This exam is 75 minutes (variable time per question) and closed-book. You are allowed **one** page (front and back) of a "cheat sheet", blank scrap paper (provided by the proctor) and a graphing calculator (which is not your smartphone). Please read the questions carefully. Within each problem, I recommend considering the questions that are easy first and then circling back to evaluate the harder ones. No food is allowed, only drinks.

Problem 1 Consider the following full-rank design matrix:

$$\boldsymbol{X} := [\mathbf{1}_n \mid \boldsymbol{x}_{\cdot 1} \mid \ \ldots \ \mid \boldsymbol{x}_{\cdot p}] = \begin{bmatrix} \boldsymbol{x}_{1\cdot} \\ \vdots \\ \boldsymbol{x}_{n\cdot} \end{bmatrix}$$

with column indices $0, 1, \ldots, p$ and row indices $1, 2, \ldots, n$. And let $\boldsymbol{H}$ be the orthogonal projection matrix onto the column space of $\boldsymbol{X}$. We assume also a continuous (real-valued) response model which is linear in these measurements, i.e. $\boldsymbol{Y} = \boldsymbol{X}\boldsymbol{\beta} + \boldsymbol{\mathcal{E}}$. For the error term, we assume the "core assumption",

$$\boldsymbol{\mathcal{E}} \sim \mathcal{N}_n\left(\mathbf{0}_n, \, \sigma^2 \boldsymbol{I}_n\right) \quad \text{where } \sigma^2 > 0.$$

Consider the following estimator for $\boldsymbol{\beta}$: $\boldsymbol{B} := \left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\boldsymbol{Y}$ and let $\hat{\boldsymbol{Y}} := \boldsymbol{X}\boldsymbol{B}$ and $\boldsymbol{E} := \boldsymbol{Y} - \hat{\boldsymbol{Y}}$.

(a) [5 pt / 5 pts] Circle all of the following which are non-degenerate random variables.

$$n, \quad p, \quad \boldsymbol{X}, \quad \boldsymbol{x}_{\cdot 1}, \quad \boldsymbol{x}_{n\cdot}, \quad \boldsymbol{H}, \quad \boldsymbol{Y}, \quad \boldsymbol{\beta}, \quad \boldsymbol{\mathcal{E}}, \quad \sigma^2, \quad \boldsymbol{I}_n, \quad \boldsymbol{B}, \quad \hat{\boldsymbol{Y}}, \quad \boldsymbol{E}$$

(b) [3 pt / 8 pts] Of the random variables in the previous question, which two are independent of each other? No need to prove this.

$$\boldsymbol{B}, \boldsymbol{E}$$

(c) [5 pt / 13 pts] Derive the distribution of $\boldsymbol{B}$ with only what is in the problem header, the fact about multivariate normal distributions from 340 and linear algebra manipulations. Show each step.

$$\begin{aligned}
\boldsymbol{B} &= \left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\boldsymbol{Y} = \left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\left(\boldsymbol{X}\boldsymbol{\beta} + \boldsymbol{\mathcal{E}}\right) = \boldsymbol{\beta} + \left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\boldsymbol{\mathcal{E}} \\
&\sim \mathcal{N}_{p+1}\left(\boldsymbol{\beta}, \, \left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\sigma^2\boldsymbol{I}_n\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\right)^\top\right) \\
&= \mathcal{N}_{p+1}\left(\boldsymbol{\beta}, \, \sigma^2\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\boldsymbol{X}\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\right)^\top\right) \\
&= \mathcal{N}_{p+1}\left(\boldsymbol{\beta}, \, \sigma^2\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\right)^\top\right) \\
&= \mathcal{N}_{p+1}\left(\boldsymbol{\beta}, \, \sigma^2\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^\top\right)^{-1}\right) \\
&= \mathcal{N}_{p+1}\left(\boldsymbol{\beta}, \, \sigma^2\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\right)
\end{aligned}$$

(d) [6 pt / 19 pts] Prove estimation error vanishes as $n \to \infty$.

Estimation error is $g(\boldsymbol{x}) - h^*(\boldsymbol{x})$ where $h^*(\boldsymbol{x}) = \boldsymbol{x}\boldsymbol{\beta}$ by assumption and $g(\boldsymbol{x}) = \boldsymbol{x}\boldsymbol{b}$ because we are using OLS thus estimation error is $\boldsymbol{x}(\boldsymbol{\beta} - \boldsymbol{b})$. Over the whole dataset the estimation errors are $\boldsymbol{x}_{1\cdot}(\boldsymbol{\beta} - \boldsymbol{b}), \ldots, \boldsymbol{x}_{n\cdot}(\boldsymbol{\beta} - \boldsymbol{b})$. One way to holistically measure all estimation errors is to sum their squares, i.e, $||\boldsymbol{X}(\boldsymbol{\beta} - \boldsymbol{b})||^2$ as seen on the homework.

Now we prove this holistic measure goes to zero as n increases. First note that $\boldsymbol{b}$ is a realization of $\boldsymbol{B}$, the OLS estimator which is also the MLE for $\boldsymbol{\beta}$. From 341, the monster theorem stated that MLE's are consistent. Thus in our setting, $\boldsymbol{B} \overset{p}{\to} \boldsymbol{\beta}$ and thus by the multivariate CMT from 340, $\boldsymbol{\beta} - \boldsymbol{B} \overset{p}{\to} \boldsymbol{0}_{p+1}$. Now we apply this result to our holistic measure. By the multivariate CMT, $||\boldsymbol{X}(\boldsymbol{\beta} - \boldsymbol{B})||^2 \overset{p}{\to} ||\boldsymbol{X}\boldsymbol{0}_{p+1}||^2 = ||\boldsymbol{0}_n||^2 = 0$.

Problem 2

Consider the Boston Housing Data which has $n = 506$ and response `medv` with $\bar{y} = 22.53$ and $s_y = 9.20$. We consider modeling `medv` using OLS on `zn + rm + nox + dis + lstat`, all continuous (non-categorical) features. Below is the $\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}$ where $\boldsymbol{X}$ is the design matrix:

	(Intercept)	zn	rm	nox	dis	lstat
(Intercept)	0.58000	4.4e-04	-5.1e-02	-2.7e-01	-1.8e-02	-3.0e-03
zn	0.00044	6.9e-06	-4.5e-05	-7.1e-05	-5.1e-05	-2.0e-07
rm	-0.05100	-4.5e-05	6.9e-03	7.5e-04	6.3e-04	4.4e-04
nox	-0.27000	-7.1e-05	7.5e-04	4.2e-01	1.5e-02	-1.9e-03
dis	-0.01800	-5.1e-05	6.3e-04	1.5e-02	1.5e-03	4.3e-05
lstat	-0.00300	-2.0e-07	4.4e-04	-1.9e-03	4.3e-05	8.9e-05

The RMSE for this regression is 5.289 and here are the slope estimates:

(Intercept)	zn	rm	nox	dis	lstat
16.14	0.06	4.44	-15.20	-1.44	-0.66

Assume the "core assumption" (see Problem 1 for its definition) except in (e,f,l,m) which make explicit a new assumption.

(a) [2 pt / 21 pts] Consider creating a $\hat{\hat{CI}}_{\beta_{\text{nox}},95\%}$, the confidence interval for the true slope parameter of the variable `nox`. Which degrees of freedom value would you use to lookup the appropriate t value's quantile?

$$df_{\text{error}} := n - (p + 1) = 506 - 6 = 500$$

(b) [5 pt / 26 pts] Compute $\hat{\hat{CI}}_{\beta_{\texttt{nox}},95\%}$ to the nearest two digits. Regardless of the truly appropriate t value, use 1.96 as the t value.

$$\begin{aligned}
\hat{\hat{CI}}_{\beta_{\texttt{nox}},1-\alpha} &= \left[b_{\texttt{nox}} \pm t_{df_{\text{error}},1-\alpha/2} \cdot s_e\sqrt{\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}_{\texttt{nox},\texttt{nox}}}\right] \\
\hat{\hat{CI}}_{\beta_3,95\%} &= \left[b_3 \pm 1.96 \cdot s_e\sqrt{\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}_{4,4}}\right] \\
&= \left[-15.20 \pm 1.96 \cdot 5.289\sqrt{0.42}\right] = [-21.92, -8.48]
\end{aligned}$$

(c) [1 pt / 27 pts] The confidence interval in the previous question is... circle one:
exact / approximate

(d) [1 pt / 28 pts] Based on your confidence interval from the previous question, the null hypothesis that $\beta_{\texttt{nox}} = 0$ would be ... circle one:
rejected / retained

(e) [5 pt / 33 pts] Assume the errors are independent, mean centered and homoskedastic but now assume they are *not* normally distributed. Create a $\hat{\hat{CI}}_{\beta,95\%}$ for the variable `nox` to the nearest two digits.

$$[-21.92, -8.48]$$

(f) [1 pt / 34 pts] The confidence interval in the previous question is... circle one:
exact / approximate

(g) [5 pt / 39 pts] Justify and record your decision for the test of $H_0 : \beta_{\texttt{rm}} = 3$, a test on the slope parameter for the variable `rm`. Regardless of the truly appropriate t value, use 1.96 as the t value.

$$\hat{\hat{t}} := \frac{b_{\texttt{rm}} - \beta_{\texttt{rm}}}{s_e \cdot \sqrt{\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}_{\texttt{rm},\texttt{rm}}}} = \frac{4.44 - 3}{5.289 \cdot \sqrt{0.0069}} = 3.277 > 1.96 \quad \Rightarrow \quad \text{Reject } H_0$$

(h) [5 pt / 44 pts] Compute R^2_{adj} to the nearest two digits using the following calculations:

$$s_e := \sqrt{\frac{SSE}{df_{\text{error}}}} \quad \Rightarrow \quad SSE = df_{\text{error}} \cdot s_e^2 = 500 \cdot 5.289^2 = 13986.76$$

$$SST := \sum_{i=1}^{n} (y_i - \bar{y})^2 = (n-1) \cdot s_y^2 = 505 \cdot 9.20^2 = 42743.2$$

$$R^2_{adj} := 1 - \frac{n-1}{df_{\text{error}}} \frac{SSE}{SST} = \frac{505}{500} \frac{13986.76}{42743.2} = 0.33$$

Below is the first six rows and six columns of the $\boldsymbol{H}$ matrix. There are rownames and colnames displayed to help with finding entries (e.g., $\boldsymbol{H}_{2,4} = 0.0076$).

	1	2	3	4	5	6
1	0.0053	0.0020	0.0035	0.0039	0.0024	0.0036
2	0.0020	0.0058	0.0065	0.0076	0.0076	0.0072
3	0.0035	0.0065	0.0100	0.0110	0.0110	0.0085
4	0.0039	0.0076	0.0110	0.0130	0.0130	0.0110
5	0.0024	0.0076	0.0110	0.0130	0.0140	0.0110
6	0.0036	0.0072	0.0085	0.0110	0.0110	0.0110

(i) [5 pt / 49 pts] Estimate the probability the residual for the fourth observation in the boston housing dataset will be greater than 5 as best as you can.

$$E_4 \sim \mathcal{N}\left(0,\, \sigma^2(1 - h_{4,4})\right) \quad \Rightarrow \quad \frac{E_4}{\sigma\sqrt{1 - h_{4,4}}} \sim \mathcal{N}(0,\, 1) \quad \Rightarrow \quad \frac{E_4}{s_e\sqrt{1 - h_{4,4}}} \dot{\sim} \mathcal{N}(0,\, 1)$$

$$\mathbb{P}(E_4 > 5) = \mathbb{P}\left(\frac{E_4}{s_e\sqrt{1 - h_{4,4}}} > \frac{5}{s_e\sqrt{1 - h_{4,4}}}\right) \approx \mathbb{P}\left(Z > \frac{5}{5.289\sqrt{1 - 0.0130}}\right)$$

$$= \mathbb{P}(Z > 0.95) \approx 16\%$$

(j) [6 pt / 55 pts] The predicted value for the first observation is $\hat{y}_1 = 29.15$. Find a $\hat{\hat{CI}}_{y_1, 95\%}$ where y_1 is the response value for a new census tract with the same measurements as $\boldsymbol{x}_{1\cdot}$ to the nearest two digits. Regardless of the truly appropriate t value, use 1.96 as the t value.

$$\begin{aligned}
\hat{\hat{CI}}_{y_1,95\%} &= \left[\hat{y}_1 \pm t_{1-\alpha/2, n-(p+1)} \cdot s_e \sqrt{1 + \boldsymbol{x}_{1\cdot}^\top \left(\boldsymbol{X}^T \boldsymbol{X}\right)^{-1} \boldsymbol{x}_{1\cdot}}\right] \\
&= \left[\hat{y}_1 \pm t_{1-\alpha/2, n-(p+1)} \cdot s_e \sqrt{1 + h_{1,1}}\right] \\
&= \left[29.15 \pm 1.96 \cdot 5.289 \sqrt{1 + 0.0053}\right] = [18.76, 39.54]
\end{aligned}$$

We now model `medv` using `rm + lstat` via an OLS. The RMSE for this regression is 5.540 and here are the slope estimates:

(Intercept)	rm	lstat
-1.36	5.09	-0.64

(k) [7 pt / 62 pts] Calculate the F-statistic for $H_0 : \beta_{\texttt{zn}} = \beta_{\texttt{nox}} = \beta_{\texttt{dis}} = 0$ to the nearest two digits.

$$\hat{\hat{f}} := \frac{\frac{SSE_A - SSE}{k}}{\frac{SSE}{df_{error}}} = \frac{\frac{15437.87 - 13986.76}{3}}{\frac{13986.76}{500}} = 17.29$$

The value of k is the number of features we are setting to zero in H_0 which is 3. The value of SSE we take from part (h). To obtain the value of SSE_A, see the calculation in part (h). $SSE_A = df_A s_{e_A}^2$ where the quantities on the rhs are now applicable to the reduced model with features in set A. Following part (a), $df_A = n - ((p-k)+1) = 506 - ((5-3)+1) = 503$. And $s_{e_A}^2$ can be found in the text above this question. Thus, $SSE_A = 503 \cdot 5.54^2 = 15437.87$.

Below is $\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\hat{\hat{\boldsymbol{D}}}\boldsymbol{X}\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}$, a matrix where $\boldsymbol{X}$ is the design matrix and $\hat{\hat{\boldsymbol{D}}}$ is the diagonal matrix with the residuals squared along its diagonal.

```
             (Intercept)    rm lstat
(Intercept)        29.20 -4.14 -0.26
rm                 -4.14  0.59  0.03
lstat              -0.26  0.03  0.00
```

(l) [5 pt / 67 pts] Assume the errors are independent, mean centered but neither homoskedastic nor normally distributed. Create a $\hat{\hat{CI}}_{\beta_{\texttt{rm}},95\%}$, the confidence interval for the true slope parameter of the variable `rm` to the nearest two digits.

$$\begin{aligned}
\hat{\hat{CI}}_{\beta_{\texttt{rm}},1-\alpha} &= \left[b_{\texttt{rm}} \pm z_{1-\alpha/2}\sqrt{\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\hat{\hat{\boldsymbol{D}}}\boldsymbol{X}\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\right)_{\texttt{rm},\texttt{rm}}}\right] \\
\hat{\hat{CI}}_{\beta_1,95\%} &= \left[b_1 \pm 1.96\sqrt{\left(\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\boldsymbol{X}^T\hat{\hat{\boldsymbol{D}}}\boldsymbol{X}\left(\boldsymbol{X}^T\boldsymbol{X}\right)^{-1}\right)_{2,2}}\right] \\
&= \left[5.09 \pm 1.96\sqrt{0.59}\right] = [3.58, 6.60]
\end{aligned}$$

(m) [1 pt / 68 pts] The confidence interval in the previous question is... circle one:
exact / approximate

Problem 3 Consider a subset of the vocab data in the `carData` package. The response is a person's score on a vocabulary test. This score ranges in $\{0, 1, 2, \ldots, 10\}$ and features: `gender` (categorical: male/female), `nativeBorn` (categorical: yes/no), `age` (continuous: measured in years) and `educ` (continuous: measured in years). We will use a negative binomial glm with the standard exponential link-to-linear function for its mean. Below is the output:

```
              Estimate   Std. Error z value Pr(>|z|)
(Intercept)    0.7761238  0.0165403 46.923  < 2e-16 ***
gendermale    -0.0267524  0.0049960 -5.355 8.57e-08 ***
nativeBornyes  0.1603976  0.0094713 16.935  < 2e-16 ***
age            0.0021438  0.0001438 14.907  < 2e-16 ***
educ           0.0582323  0.0008373 69.548  < 2e-16 ***

              Theta:  172454
          Std. Err.:  143423

 2 x log-likelihood:  -115304.3
```

(a) [5 pt / 73 pts] Is there any reason why we should not model this response metric using the negative binomial model with mean log-linear in the covariates?

The response metric doesn't have the support of a true count model as it only ranges from $0, 1, \ldots, 10$ instead of $0, 1, \ldots$ and this means the model may give nonsensical predictions (i.e., vocabulary scores > 10). Thus, the inference will also be suspect.

Despite what you wrote in (a), we will ignore any concerns about the appropriateness of this model going forward.

(b) [5 pt / 78 pts] Considering all other covariate values the same, what would be the predicted *percent* difference in mean score of a male versus a female to the nearest two digits?

Since $\hat{y} = e^{b_0} e^{b_1 x_1} \cdot \ldots \cdot e^{b_p x_p}$, the prediction is affected by not an addition, but a multiple, $e^{b_j x_j}$, thus the percent effect is $(e^{b_j x_j} - 1) \times 100$. For the male-vs-female coefficient, we then get

$$(e^{-0.0267524} - 1) \times 100 = -2.64\%$$

(c) [6 pt / 84 pts] Compute $\hat{\hat{CI}}_{\beta_{\text{educ}}, 95\%}$, the confidence interval for the slope parameter within the link function for the variable `educ` to the nearest four digits.

$$\begin{aligned}
\hat{\hat{CI}}_{\beta_{\texttt{educ}}, 1-\alpha} &= \left[b_{\texttt{educ}} \pm z_{1-\alpha/2} \cdot s_{b_{\texttt{educ}}}\right] \\
\hat{\hat{CI}}_{\beta_4, 95\%} &= \left[b_4 \pm 1.96 \cdot s_{b_4}\right] \\
&= [0.0582323 \pm 1.96 \cdot 0.0008373] = [0.0566, 0.0599]
\end{aligned}$$

(d) [1 pt / 85 pts] The confidence interval in the previous question is... circle one:
exact / approximate

(e) [6 pt / 91 pts] Predict the vocabulary score of a female, foreign-born, age 25 with 17yr of education. Round the score to the nearest whole number.

$$\begin{aligned}
\hat{y} &= \text{round}\left(e^{b_0} e^{b_1 x_1} \cdot \ldots \cdot e^{b_p x_p}\right) \\
&= \text{round}\left(e^{b_0} e^{b_1(0)} e^{b_2(0)} e^{b_3(25)} e^{b_4(17)}\right) \\
&= \text{round}\left(e^{0.7761238} e^{0.0021438(25)} e^{0.0582323(17)}\right) \\
&= \text{round}(6.169809) = 6
\end{aligned}$$

We now run the same model but this time omitting features `gender` and `nativeBorn`. Below is the output

```
             Estimate   Std. Error  z value Pr(>|z|)
(Intercept) 0.9130409  0.0139108   65.64   <2e-16 ***
age         0.0022436  0.0001438   15.61   <2e-16 ***
educ        0.0578375  0.0008323   69.49   <2e-16 ***

              Theta:  173175
          Std. Err.:  146404

 2 x log-likelihood:  -115635.4
```

Here are some values of the inverse CDF of the χ^2_{df} distribution:

```
              Probability less than the critical value
  df           0.90      0.95      0.975      0.99      0.999
-------------------------------------------------------------
  1           2.706     3.841     5.024     6.635     10.828
  2           4.605     5.991     7.378     9.210     13.816
  3           6.251     7.815     9.348    11.345     16.266
  4           7.779     9.488    11.143    13.277     18.467
  5           9.236    11.070    12.833    15.086     20.515
  6          10.645    12.592    14.449    16.812     22.458
  7          12.017    14.067    16.013    18.475     24.322
```

(f) [2 pt / 93 pts] For the test of $H_0 : \beta_{\texttt{gender}} = \beta_{\texttt{nativeBorn}} = 0$ at $\alpha = 1\%$, would would be the critical value of the likelihood ratio test that the test statistic is compared to?

The degrees of freedom of this test is 2 because we are knocking out 2 features. Since $\alpha = 1\%$, we are looking for the 99%ile of the χ^2_2 which according we find in the table above on the second row and the fourth column: 9.210.

(g) [7 pt / 100 pts] Run the test of $H_0 : \beta_{\texttt{gender}} = \beta_{\texttt{nativeBorn}} = 0$ at $\alpha = 1\%$ and record your decision and write one sentence that interprets the result of the decision.

Since $\hat{\hat{\Lambda}} = 2\ln(\mathcal{L}_{\text{full}}) - 2\ln(\mathcal{L}_{\text{reduced}}) = -115304.3 - -115635.4 = 331.1 > \chi^2_{2,99\%} = 9.210$, we reject H_0. We can conclude that `gender` and `nativeBorn` are important in predicting vocabulary score in the context of the other variables and assuming the negative binomial model log-linear in the covariates.