

Estimation results v2.5

This version: results from estimating discount factor distributions separately for the three education groups. In this version we use the new, updated calibration **except** for the shock standard deviations which are set to the old, low values.

```
# Variances from Sticky expectations paper:  
TranShkStd = [0.12] #[np.sqrt(0.12)]  
PermShkStd = [0.003] #[np.sqrt(0.003)]
```

Targets: For each group the targets are the median LW/PI ratio and the [20,40,60,80] Lorenz Pts for that group's liquid wealth distribution.

Dropouts

Estimated (beta, nabla) = [0.8769138 0.13952285]

	Median LW/PI ratio	Lorenz points
Data	4.64	[0., 0.01, 0.6, 3.58]
Model	4.64	[0., 0.02817, 0.6664, 3.5657]

Highschool

Estimated (beta, nabla) = [0.97097283 0.02996364]

	Median LW/PI ratio	Lorenz points
Data	30.2	[0.06, 0.63, 2.98, 11.6]
Model	30.13	[0.2935, 1.5042, 4.234, 10.9352] [0.2537, 1.3490, 3.9593, 11.1340]

College

Estimated (beta, nabla) = [0.99264389, 0.00596917]

	Median LW/PI ratio	Lorenz points
Data	112.8	[0.15, 0.92, 3.27, 10.3]
Model	112.8	[0.4799, 1.7370, 4.1887, 9.6515]

Discount factor distributions

With the above estimates, the actual discount factor distributions we are using that are generated via the command

```
Uniform(beta-nabla, beta+nabla).approx(DiscFacCount)
```

(where DiscFacCount = 7 in our case)

have the following end points:

```
Discount factor distribution end points:  
Dropouts: 0.7573 to 0.9965  
Highschool: 0.9453 to 0.9967  
College: 0.9875 to 0.9978
```

Overall population

With the discount factor distributions estimated for each group as above, we can calculate statistics for the overall population which were **not targeted** in the estimation.

	Lorenz points – whole popl.	Wealth shares [d, h, c]
Data	[0.03, 0.35, 1.84, 7.42]	[0.8, 17.9, 81.2]
Model	[0.1125, 0.7847, 2.7159, 8.0362]	[1.04, 19.09, 79.87]

Average MPCs

With these estimates we also get the following average MPCs for each of the education groups:

Group	Average MPC
Droupouts	0.57
Highschool	0.24
College	0.07
All	0.21