

## **Research Statement**

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The goal of my research has been to understand the reasons for inequality by socioeconomic status, race and ethnicity in the United States. I work in the areas of the economics of education, labor economics and demographic economics. I believe when looking at inequality there are two issues that need to be considered. The first is whether there are any policies or frictions in the economy that lead to differences in economic outcomes amongst individuals who share similar skills and potential benefits but differ by demographic group. The second issue is whether there are any policies or frictions in the economy that lead to differences in skills and preparation for economic opportunities.

In my research I attempt to understand and distinguish between these two phenomena so that we can design policies and interventions that in the short run allow more qualified individuals to benefit from economic opportunities, and in the long run create more equal opportunities for those from disadvantaged backgrounds. In this research I use a combination of econometric techniques to find interesting patterns related to inequality. I also use structural modeling informed by empirical analysis to evaluate the effects of policy counterfactuals.

### **Job Market Paper and Dissertation**

In my job market paper entitled “Is College Worth it For Me?”, for which I received financial support from the Tobin Institute, and the College of Liberal Arts at the University of Minnesota, I examine the role that subjective beliefs about own ability play in generating inequality in higher education outcomes. I first show, using the NLSY97, that holding wealth and measured ability constant, having more educated parents is positively correlated with more optimism towards enrolling in college and achieving a bachelor’s degree for high school aged students. I also show that more optimism regarding college outcomes is positively correlated with college enrollment and completion, holding access to resources and ability constant.

Then using a quantitative economic model that was calibrated to match demographic enrollment and dropout patterns, I show that the information frictions coming from students not knowing their ability and their private return to college leads to underinvestment in college of high ability students from disadvantaged backgrounds. I also show that recruiting policies that provide information about college fit to high ability youth from disadvantaged backgrounds is more effective at increasing representation in higher education than free college for everyone or instituting a tracking system in the US. This policy has the added benefit of decreasing mismatch by encouraging more investment for high achieving youth from disadvantage backgrounds.

I take these results to show not that subsidizing college is ineffective. But in addition to targeting subsidies to those who most need it, it is important to create interventions that will teach high ability students, especially those from disadvantaged backgrounds, about their potential in school and their returns to college. This is easier said than done, but recent work documenting the effect of information campaigns tied to fee waivers and aid, by Caroline Hoxby and Sarah Turner, as well as Susan Dynarski and coauthors, show that this could be done relatively cheaply with big effects on enrollment without any evidence of lower academic performance.

I plan to continue this research documenting the effect of information frictions through my next paper that will also be part of my dissertation titled “The Effect of Neighborhood Level Outcomes on Subjective Beliefs regarding School, Crime, Family Formation, and Labor Market Outcomes,” for which I received funding from the Diversity of Views and Experience Fellowship from the University of Minnesota Graduate School. In this project I will examine more outcomes besides education, such as crime participation, labor market participation, and family formation at young ages. Using restricted census tract data provided by the Bureau of Labor Statistics, I will explore the relation between neighborhood level outcomes, subjective beliefs, and individual outcomes later in life. With this project I can contribute to the work that Raj Chetty and coauthors have done in exploring neighborhood effects and policy

effects by neighborhood. With this research we can design relatively cheap interventions that overcome these information frictions and neighborhood effects.

### **Working Papers**

Additionally, there are two other projects I am working on. The first with Andreas Ferrara, Price Fishback, and Misty Heggeness is titled “The Effect of Their Experiences During the Second World War on the Success of African Americans, Hispanic Americans, and Native Americans.” In this paper we seek to examine the effects of the second World War on the economic welfare of Hispanic, Native, and Black Americans compared to White Americans. I have a second planned paper with Misty Heggeness titled “Determinants and Effects of Co-residing with Parents on Single Moms” that examines whether there are any differences by socioeconomic status in family assistance in the form of financial transfers and co-residence to young single mothers. We also explore what the effects of this family assistance are on education and labor market outcomes of young single mothers. This paper will allow us to see if the effects documented among young white males in Greg Kaplan’s 2012 paper “Moving Back Home: Insurance Against Labor Market Risk” apply to women and single mothers from a variety of racial and ethnic backgrounds as well.

### **Published Research**

In a research article titled “The Racial/Ethnic Gap in Financial Literacy in the Population and by Income,” published in the September 2020 edition of *Contemporary Economic Policy* with Luisa Blanco, Salvador Contreras, and Marco Angrisani, we documented the presence of financial literacy gaps between White, Black and Hispanic Americans in the Federal Reserve’s Survey of Household Economic Decisions. We found that a sizeable portion of the unconditional gap between White versus Hispanic and Black Americans was explained by differences in educational attainment, family income, parental education, as well as neighborhood socioeconomic status.

The reason that this is important is because the measure of financial literacy we used, the number of correct answers in a series of questions testing knowledge of risk, investment strategies, interest, and inflation, has been shown to be strongly related to financial service use, investments, and wealth accumulation. These findings highlight the importance that access to financial services and human capital investment from parents, schools, and communities plays in the ability to participate in opportunities for building wealth and income.

### **Conclusion**

With this research I can document how access to information frictions, childcare assistance, and financial support lead to unequal economic outcomes by socioeconomic status, race, and ethnicity in otherwise equal individuals. I can show how differences in wealth formation, financial planning, neighborhoods, and education generate differences in human capital, like financial literacy and college education. We can also understand how the past experiences of individuals such as military service affected the economic mobility of Native, Hispanic, and African Americans at a time when there were huge barriers to economic participation.

My hope with this research is that it allows us to understand the reasons for systematic inequalities in the United States as well as to find effective and cost-efficient ways of promoting more economic mobility. I hope that the research I perform informs public policy discussions as well as the activities of nonprofit entities and schools in promoting higher levels of economic welfare and inclusion for those from disadvantaged backgrounds.

