

Learning from My Environment

Does social environment predict beliefs and future outcomes of
teenagers?

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Abstract

In this paper I investigate how a teen's social environment is related to their beliefs of the future regarding education, labor market, criminal justice, and parenthood outcomes by merging the NLSY97 with Census Tract level data from the 2000 Decennial Census. I then investigate whether these beliefs predict future outcomes and socioeconomic inequality while controlling for social environment, human capital measures, and access to resources. I find that teens who come from social environments with less education, more crime, and more sex at young ages are more pessimistic about educational attainment and believe that the risk of arrest following serious crimes is lower. They also believe they are more likely to be arrested in the next year, a parent by age 20, and have to work more than 20 hours a week during high school than similar teens from more affluent backgrounds. I find that these beliefs are strong predictors of future outcomes where a 10 percentage point increase in a teen's belief of an event occurring is associated with a 1-4 percentage point increase in the probability of the actual event occurring. Then using a Oaxaca Blinder decomposition I show that differences in mean beliefs by parental wealth tercile can explain between 5-20 percent of socioeconomic differences in education and early parenthood outcomes.

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1 Introduction

In the US there is tremendous socioeconomic inequality in education, labor market, criminal justice and early parenthood outcomes. For individuals born in the early 1980s from the top third of the family wealth distribution, 2.6% are high school dropouts, 22.2% work less than 20 hours a week around age 30, 4.4% have been incarcerated, and 4.9% are parents by age 20. These outcomes are worse for the same birth cohort from the bottom third of the family wealth distribution where 22.9% are high school dropouts, 38.4% work less than 20 hours a week around age 30, 11.6% have been incarcerated, and 22.7% are parents by age 20.¹

Recent research has suggested that a teen’s social network can be an important determinant for many of these outcomes, where each additional year of exposure to different neighborhood level outcomes increases the probability of similar own outcomes occurring in adulthood (Chetty, Friedman, Hendren, Jones, and Porter 2018, Chetty and Hendrin 2018). Additionally, much work in the education and occupation choice literature has shown that exposure to role models of the same race or gender increases the probability that youth follow in their role model’s footsteps (Carrell, Page, and West 2009, Rocha and Hawes 2009; Fairlie, Hoffmann, Oreopoulos 2014, Bell, Chetty, Jaravel, Petkova and Van Reenan 2019; Card, Domnisoru, Sanders, Taylor and Udova 2022).

Could one mechanism for these role model and social network effects be through effects on beliefs of the future? For instance, youth may form beliefs of the future based off of what they observe and experience in their local environment. Given their abilities and resources, what happens to peers, parents, and people like them from their neighborhood may affect their own perspective of returns and risks associated with different activities ranging from study, work, crime, to sex. These beliefs would in turn effect decisions on the type of behavior they engage in which effects their future outcomes.

¹These statistics were calculated using the 1980-1982 cohort of the NLSY97. See Table 1 for source of statistics.

In this paper I explore to what extent a teen’s social environment² influences teen’s beliefs about their own future education, labor market, criminal justice, and early parenthood outcomes, while holding academic ability, past risky behavior, family resources, and exposure to adverse shocks constant. I then investigate to what extent teen’s beliefs about these future outcomes predict actual future realizations of these outcomes, holding social network, academic ability, past risky behavior, family resources, and exposure to adverse shocks constant. Finally, I examine how group socioeconomic differences in beliefs explains socioeconomic inequality in education, family formation, criminal justice, and labor market outcomes. I do this by merging individual level longitudinal data that includes beliefs about the future, human capital measures, and own outcomes of interest from the NLSY97 to census tract level outcomes by race, ethnicity and gender from the 2000 Decennial Census.

First using OLS to regress beliefs on social environment and control variables, I find that a teen’s social environment is strongly correlated with a teen’s beliefs about the future. Specifically the more a teen is exposed to certain outcomes, be they crime, education attainment, early parenthood, or better labor market opportunities, the more likely youth believe similar corresponding outcomes will occur for them. Additionally, there are some interesting relationships across different types of beliefs, social network outcomes, and individual characteristics. I find that teens that come from a more working class background³ with less family resources, and more family demands believe they are more likely to work while in high school, consistent with a hypothesis of working to assist family financially. I also find that teen’s who are more exposed to better education outcomes and less exposed to risky behavior like crime and sex at young ages believe that the risk of arrest conditional on car theft is higher than youth from worse education and risky behavior backgrounds.

Second after using OLS to regress own outcomes on beliefs and other controls, I find

²Social environment meaning actions of parents, peers, and adults of the same race and gender in ones neighborhood

³More high school graduate and less college graduates

that a teenager's beliefs are strong predictors of the future. First of all, beliefs strongly predict the outcomes they predict, where a 10 percentage point increase in a teen's belief of a given outcome occurring is associated with between a 1.4 to 4.3 percentage point increase in the probability of the corresponding outcome occurring while holding social network, human capital, family resources and other controls constant. Additionally, I find interesting relationships across different belief and outcome types. For example, belief of becoming a parent is positively correlated with own arrest and dropping out of high school, belief of bachelor's attainment is negatively correlated with being a parent by age 20, and belief of arrest is negatively correlated with working more than 20 hours a week in 2010, holding all other controls constant.

Finally, I find an important role for beliefs in explaining socioeconomic inequality in outcomes after performing a Oaxaca Blinder decomposition comparing youth from the bottom and middle third of the parental wealth distribution to youth from the top third of the parental wealth distribution. I find when comparing low to high wealth parent adolescents, that mean differences in beliefs explain 5% of the bachelor's attainment gap and 26% of the high school dropout gap. I find when comparing mid to high wealth parent adolescents, that mean differences in beliefs explain 16% of the early parenthood gap, 20% of the high school dropout gap, and 10% of the bachelor's attainment gap.

Overall my results suggest that a teen's social environment does influence their perceptions of the future, and that these beliefs effect choices that determine future outcomes. These relationships could exists for two reasons. The first is that agents have rational expectation regarding the future, where teen's have rational responses to systemic inequities and environmental conditions that are otherwise unobserved by researchers. The second is that agents beliefs are self fulfilling, where agents may place excessive weight on social factors rather than their own skills and resources, perhaps due to information frictions. Although none of the results are causal, the descriptive evidence in this paper suggests future work

should seek to uncover causal relationships and to distinguish between these two different belief mechanisms. Distinguishing between rational expectations and self fulfilling prophecy could inform policy design designed to improve outcomes for teen’s coming from more disadvantaged backgrounds.

2 Literature Review

This paper builds on two strands of the literature. First there is the literature examining the relationship between neighborhood environment and later life outcomes. Second is the literature studying beliefs. I argue that by bridging these two strands of the literature together my results provide evidence of a possible mechanism for how social environment influences outcomes.

The social environment literature has demonstrated how the area where an individual grows up effects a wide variety of economic outcomes. For instance, Chetty and Hendrin 2018 documented childhood exposure effects, where each year of living in a neighborhood with slightly better economic outcomes including earnings, college attendance, or low teen birth rates leads to an almost linear percentage gain in the likelihood of similar outcomes occurring in adulthood. Additionally, Bell, Chetty, Jaravel, Petkova and Van Reenan 2019 showed that young girls who’s families move to a high innovation area are more likely to invent in the same technology class as inventors in that neighborhood, but only if there are more women inventing in that technology class. They argue that this finding can be explained by a role model effect rather than a general human capital spillover.

One way that a role model effect can occur is through aspirations and identity formation, where mentors effect the type of person agents want to be as discussed in the identity economics and stratification economics literature (Akerloff and Kranton 2000; Darity, Mason, and Stuart 2006). This is one interpretation of the positive effects of similar race and

gender role models (Dee 2005; Carrell, Page, and West 2009, Rocha and Hawes 2009; Fairlie, Hoffmann, Oreopoulos 2014, Card, Domnisoru, Sanders, Taylor and Udova 2022). Another way role models can effect outcomes is through overcoming information frictions, where agents learn about their abilities and returns to different activities from others, especially other people like them. In either case we would expect that exposure to different role models whether engaged in positive or negative activities would effect adolescents beliefs of their future.

The beliefs literature has mostly focused on education, where beliefs examined include college outcomes, academic ability, and the net returns to schooling or majors. Much work is focused on subjective biases, where students from less affluent backgrounds are presumed to be biased about returns and ability. This theory was famously proposed in Streufort 2000 and Wilson 1987, where it was argued that since youth from lower income backgrounds are more socially isolated from higher earning college educated adults, they will underestimate the returns to college and hence have lower college attendance rates.

Consistent with this theory, Horn, Chen, and Chapman 2003 found that students from lower income backgrounds overestimate the costs of attending college. While Bleemer and Zafar 2018 find that youth from lower income and non college educated backgrounds exhibit more bias in the perceived net returns to college, which has been shown to effect major choice (Wiswall and Zafar 2015). Additionally, Stinebrickner and Stinebrickner 2013 showed that incorrect beliefs may effect dropout, since differences in beliefs about ability and learning through grades can explain up to 45% of college dropout at Berea College.⁴ Similarly, Self-efficacy, or a student's beliefs for how well they will perform, has been shown to be strongly correlated with STEM enrollment and can explain gender STEM gaps, even when controlling for measures of academic ability (Stinebrickner and Stinebrickner 2014; Saltiel 2021).

⁴It's important to note that Berea College is a private liberal arts school that primarily serves low income students at little cost to the students, so social alienation and financial costs are likely not causes of dropout

The connection between social environment, beliefs, and outcomes could also be a rational responses to environmental factors and systemic inequities that are not observed by researchers. In this sense beliefs are not biased. For instance, the social environment literature has long established how systemic inequities operating through changes in local environment effect economic mobility, especially for black youth. Previous work has documented White Flight following inflows of black and Mexican-origin residents to neighborhoods or schooling districts (Card, Mas and Rothstein 2008; Boustan 2010; Cascio and Lewis 2012). This White Flight lead to decreased economic mobility as a result of increased segregation, declining public school revenue, increased police spending and incarceration (Derononcourt 2022; Kulkarni and Mulmendier 2022). As a result, youth who live in neighborhoods like this should be less optimistic about education and criminal justice outcomes.

Consistent with rational responses to systemic inequities, Deluca, Papageorge, Boselovic, Gehrshenson, Gray, Nerenberg, Sausedo, and Young 2021 combine the NLSY97 with qualitative interviews to determine how exposure to adverse shocks effects beliefs and outcomes. They find that youth who experienced events like homelessness, witnessing a shooting, being a victim of violence, parental death or divorce, and family hospitalizations are less likely to believe they will earn a degree by age 30 and more likely to believe they will experience negative events like death, pregnancy, or arrests. These beliefs in turn lead youth from these backgrounds to seek shorter more flexible education programs that allow them to complete their studies in case any of these negative events were to occur again.

Another interesting example contrasting the bias versus rational response theory is that of black youth. Despite the average black youth coming from a lower socioeconomic background, black youth are on average equally optimistic about education attainment as white youth. In fact compared to similar white youth, black youth are actually more optimistic about education outcomes (Cook and Ludwig 2007, Barrera 2023). This may rationally reflect that the returns to college versus non-college are higher for black youth than white

youth. Additionally, black youth actually have higher rates of college attendance compared to white youth of similar academic readiness and socioeconomic status (Goldsmith, Darity, and Veum 1998; Carneiro, Heckman and Masterov 2005; Lang and Manove 2011).

In this paper, I will provide further evidence for how social environment relates to beliefs and how beliefs can predict future outcomes and inequality, even while holding adverse shocks, academic ability, past risky behavior, and access to resources constant. I not only examine college outcomes like the rest of the beliefs literature but provide new facts on the relationship between other beliefs concerning early parenthood, criminal justice outcomes, and work hours with their corresponding outcomes. The results of this paper are consistent with a rational response to systemic inequities but also bias resulting from over weighing social experience relative to own ability. Future work should distinguish between the two mechanisms and their implications for policies designed to increase economic mobility and decrease adverse outcomes.

3 Data Description

The data set used for this analysis is the 1997 wave of the National Longitudinal Study of Youth (NLSY97), merged with census tract level data from the year 2000 Decennial Census. The NLSY97 is a longitudinal data set that follows individuals from 1997 to 2021 and is designed to be representative of youth born in the continental United States between 1980-1984⁵. The NLSY97 also has a relatively large size of black and Hispanic respondents, due to these populations being over sampled.

The NLSY97 collects data on human capital measures, attitudes and beliefs about the future, family and school environment, as well as participation in activities like work, crime, sex, and school. The Decennial Census files include tract level outcomes of adults by

⁵The last year used for analysis in this study is 2017

gender, race, and ethnicity. These outcomes include employment, unemployment, median full time earnings, military service history, as well as educational attainment⁶.

The main categories of variables used in the analysis of the paper are later life outcomes, beliefs about the future, social environment characteristics, academic ability, past risky behavior, adverse shocks, as well as demographic variables. Further details and summary statistics of these variables follow in section 3.1 and 3.2.

The sample is restricted to the 1980-1981 birth cohorts since these cohorts were asked more detailed belief questions than later birth cohorts. The sample size was further restricted to respondents without missing values for variables used in the analysis and who had no incarceration or arrest history prior to 1997. For further details on sample selection see Table A.1.

3.1 Outcomes and Belief Measures

This study will examine two groups of dependent variables. One is the occurrence of education, labor market, and adverse social outcomes. The second are beliefs corresponding to and related to these outcomes. Summary Statistics of the two sets of dependent variables, outcomes and beliefs are shown in Table 1. Table 1 presents mean values by parental wealth tercile, my measure of socioeconomic status in Columns (2)-(4), and for the sample as a whole in Column (1).

The outcomes analyzed in this analysis include high school dropout, bachelor's attainment, working more than 20 hours a week in the year 2010, becoming a parent by age 20, and having an arrest or incarceration history after 1997⁷. These variables were chosen because they closely correspond to the belief variables analyzed in this study.

⁶Labor market and military outcomes are for adults 18 and up, educational attainment is for adults 25 and up.

⁷Individuals with a prior arrest or incarceration history are dropped from the analysis

Table 1: Means of Dependent Variables				
VARIABLES	(1) All	(2) Low	(3) Middle	(4) Top
HS Graduate	87.6	77.1	87.6	97.42
Bachelor's or Higher	10.9	4.77	8.09	19.1
Work Avg 20 hours in 2010	70.4	61.6	71.3	77.8
Parent by age 20	14.1	22.7	15.4	4.86
Ever Arrested	27.8	34.6	30.2	19.3
Ever Incarcerated	8.31	11.6	9.21	4.39
Prob HS Grad by 20	96.07	91.82	96.91	99.21
Prob Deg by 30	76.10	68.49	74.01	85.14
Prob Work 20+hrs at 30	94.32	92.46	94.24	96.10
Prob Parent by 20	15.40	19.52	16.87	10.18
Probability Arrested Next Year	8.740	9.702	9.378	7.244
Probability Arrested if Steal Car	60.10	55.10	61.51	63.39
Prob in Jail by 20	4.367	5.109	4.830	3.240
Prob Die by 20	19.92	23.84	20.23	16.00
Sample Size	1501	594	494	413

Table 1: Displays mean values of the two sets of dependent variables outcome realizations and beliefs about these outcomes when 15-16 years old. Columns (2)-(4) show mean values within parental wealth tercile, while Column 1 shows mean values for the whole sample. All statistics are calculated using longitudinal survey weights.

Beliefs analyzed in this study cover a wide span of different activities ranging from education, work, arrests, incarceration, to pregnancies. Beliefs are collected when respondents were between 15-16 years old and are reported as probabilities of events occurring measured in percentage points. These events include belief of having a degree by age 30, graduating high school by age 20, being in school next year, working 20 plus hours a week next year conditional on continuing or dropping out of high school, being a parent by age 20, being a parent by next year⁸, being incarcerated by age 20, being arrested next year, being arrested conditional on automobile theft, dying next year, and dying by age 20.

The top panel of Table 1 shows a monotonic relationship between parental wealth tercile and socially desirable outcomes. Youth from higher wealth terciles have better education outcomes and are more likely to work 20 plus hours when they are about 30 years old. Youth from higher parental wealth terciles are also less likely to parents by age 20 and to have been arrested or incarcerated. The second panel of Table 1 shows a similar monotonic relationship between parental wealth and beliefs about future outcomes. Youth from higher parental wealth backgrounds are more optimistic about education and believe working 20 plus hours a week at age 30 is more likely.

They also believe socially undesirable outcomes like arrest, incarceration, and early parenthood are less likely, as well as death. Youth from higher parental wealth backgrounds also think crime is riskier as measured by probability of arrest after committing a serious crime like car theft. If probability of arrest is assumed to be probability of committing crime times probability of arrest conditional on crime, than youth from lower parental wealth backgrounds believe they are more likely to commit a crime. Another possibility is that lower parental wealth youth believe that they will be unfairly targeted by police and arrested.

⁸parenthood is reported as being pregnant for female respondents, and getting someone pregnant for male respondents

Table 2: Correlation Matrix Outcomes and Beliefs

Outcomes	Work 20+ hrs 2010	HS Grad	Bachelor's	Parent by 20	Arrested	Incarcerated
Work 20+ hrs 2010	1.0	0.4642	0.2358	-0.3318	-0.2091	-0.3827
HS Grad	-	1.0	1.0	-0.4831	-0.3629	-0.3983
Bachelor's	-	-	1.0	-0.3738	-0.3747	-0.5089
Parent by 20	-	-	-	1.0	0.2378	0.2023
Arrested	-	-	-	-	1.0	1.0
Incarcerated	-	-	-	-	-	1.0

Beliefs:	Work 20+ hrs 30	HS Grad 20	Bachelor's 30	Parent by 20	Arrested Next Year	Incarcerated by 20
Work 20+ hrs 30	1.0	0.2635	0.2300	-0.0784	-0.0981	-0.1420
HS Grad 20	-	1.0	0.3091	-0.2292	-0.1018	-0.1837
Bachelor's 30	-	-	1.0	-0.2492	-0.1570	-0.1999
Parent by 20	-	-	-	1.0	0.3151	0.3102
Arrested Next Year	-	-	-	-	1.0	0.4665
Incarcerated by 20	-	-	-	-	-	1.0

Table 2: Each entry shows correlations between the corresponding row and column variable. The first panel shows tetrachoric correlations between outcome realizations for respondents while the second panel shows correlations between beliefs about these outcomes.

Table 2 shows the correlation matrix between different types of outcome realizations in panel 1, and the correlation matrix between beliefs concerning different types of outcomes. The first panel shows that working 20 plus hours a week in 2010 is positively correlated with educational attainment, and that contact with the criminal justice system is positively correlated with early parenthood. Additionally, education attainment and working 20 plus hours a week in 2010 are negatively correlated with early parenthood and contact with the criminal justice system.

The second panel shows that respondents beliefs exhibit similar correlation patterns. Optimism about schooling is positively correlated with optimism about work hours at age 30. Beliefs of contact with the criminal justice system are positively correlated with beliefs about early parenthood. Finally beliefs of education attainment and work hours are negatively correlated with beliefs about early parenthood and criminal justice outcomes. This suggests teens understand the relationship between these different outcomes.

3.2 Dependent Variable Description

The dependent variables used in the analysis include controls for social environment, human capital measures, adverse shocks, race, ethnicity, gender, as well as an indicator for being born in 1980 or 1981.

Social environment characteristics include peer attributes, parent attributes, tract level outcomes for demographically similar adults, and county level outcomes recorded in 1990. Whenever possible I use tract level outcomes for adults of the same race, ethnicity and gender as the respondent.⁹ Since crime and early parenthood at the tract level were not available in the Census files, I used county level crime rates and percentage of births to young

⁹I used pooled neighborhood outcomes for youth who live in census tracts where only pooled statistics are available. Youth in these tracts comprise less than 5% of the sample and live in tracts that have a large share of same gender adults with a different racial/ethnic identification. An indicator variable for pooled tract information is used in the analysis that follows.

mothers from the year 1990 in the geocoded version of the NLSY97. Other geographical controls include state fixed effects, county level rates of black and Hispanic identification, and categorical variables for whether the individual lived in an urban or rural area at the start of the survey.

Peer measures used are recorded during the first wave (1997) of the NLSY97 and report the percentage of students in the same grade at school that have college plans, are having sex, belong to a gang, or that cut class. The peer variables are measured on a scale of 1-5 where each unit increase corresponds to approximately a 25 percentage point increase of peers with the reported characteristic. Parent outcome measures were also collected during the 1997 wave and include average years of parents schooling, mother's age at first birth, and indicators for whether parents served in the military or were incarcerated. I also used household net worth as a measure of family resources.

The NLSY97 also has a rich set of controls for human capital. In this study academic ability is an index that is defined as the first principal component of a principal component analysis performed on 8th grade GPA, as well as Armed Services Vocational Aptitude Battery (ASVAB) Math Knowledge, Arithmetic Reasoning, Paragraph Comprehension and Word Knowledge scores. I also control for past risky behavior that could proxy for non cognitive skills as recommended by Hai & Heckman 2017. Past risky behavior is defined as the count of the following events occurring before the start of the survey; had sex by age 15, stole more than \$50 before 1997, intentionally attacked someone before 1997, and was suspended from school between the ages of 10-15¹⁰.

¹⁰Caution should be warranted when interpreting this as non cognitive skills, since many of these events could be the result of trauma or abuse.

Table 3: Means of Independent Variables

VARIABLES	(1) All	(2) Low	(3) Middle	(4) Top
Avg Years of Parents Schooling	12.86	11.74	12.63	14.12
Tract: Pct HS Dropout	20.64	28.39	21.02	13.08
Tract: Pct HS Diploma Only	30.43	30.61	32.30	28.50
Tract: Pct College Edu	48.93	41.00	46.68	58.42
Pct Peers College Plans	64.3	57.5	63.5	71.3
HH Net Worth (\$1000s)	190.57	15.94	119.84	419.18
Tract: Unemployment Rate	5.977	8.133	5.856	4.094
Tract: FT Med Earnings (\$1000s)	45.34	39.06	43.62	52.78
Mom's Age at First Birth	23.15	21.73	22.42	25.15
County: Pct Births Under 20	12.59	13.66	12.88	11.32
Pct Peers had Sex	45.3	51.4	48.3	36.9
Parent Ever in Jail	4.71	9.54	3.79	1.12
County: Crime Per 100k	5,241	5,728	4,923	5,092
Pct Peers Cut Class	45.2	48.8	45.2	41.9
Adverse Family Shock	1.608	2.189	1.613	1.065
Adverse Victim Shock	0.727	0.961	0.708	0.527
Suspended 10-15 years old	23.3	31.3	26.1	13.2
Reported 8th grade GPA	2.953	2.714	2.881	3.242
Black	14.6	25.5	15.7	3.59
Hispanic	13.3	22.3	13.5	4.96
County: Pct Black 1990	11.31	14.55	11.13	8.490
County: Pct Hispanic 1990	7.236	9.082	7.374	5.393
Tract: Pct Same Race/Ethnic	77.6	69.1	77.4	85.5
Sample Size	1501	594	494	413

Table 3: Displays mean values of the independent variables grouped by variable type. Columns (2)-(4) show mean values within parental wealth tercile, while Column 1 shows mean values for the whole sample. All statistics are calculated using longitudinal survey weights. Dollar figures are calculated at 2017 values.

Similar to Deluca, Papageorge, Boselovic, Gehrshenson, Gray, Nerenberg, Sausedo, and Young 2021, I also control for adverse individual and family shocks. For individual shocks, I use an index that ranges between 0 and 6 and counts how many of the following events occurred; had felt unsafe before 1997, home broken into by age 18, seen a shooting by age 18, been bullied by age 18, was a victim of violence between 1997-2002, and experienced homelessness between 1997-2002. For family shocks I use a similar index ranging between 0 and 6 that counts how many of the following events occurred; not living with both parents in 1997, parents divorced by 1997, mother not employed by 1997, father not employed by 1997, any parent dead by 1997, and a member of the household hospitalized between 1997-2002. Since some of these events occurred after beliefs were recorded, any strong correlations between these and the belief variables could reflect anticipation of these events occurring.

Table 3 shows mean values of many of the independent variables used in the analysis. Column 1 shows mean values for the whole sample, while Columns (2)-(4) show mean values within parental wealth tercile. All values are weighted using longitudinal survey weights. Dollar values are reported in 2017 values.

Table 3 shows that youth from higher parental wealth backgrounds are more exposed to more socially desirable outcomes in their social environment. High parental wealth youth come from communities with more education attainment, more education aspirations, less unemployment and higher earnings. High parental wealth youth come from communities with more delayed fertility, less sex at young ages, less parental incarceration, and less peers cutting class. In addition to more wealth, they also experience less negative shocks, have better grades, and are suspended less often. They are also less likely to be black or Hispanic, and live in more segregated census tracts. Given these differences it is important to control for these variables in the analysis that follows.

4 Analysis

In this section I conduct the main analysis of this paper. First, I examine how social environment relates to teen’s beliefs about the future. Then, I investigate how these beliefs relate to future outcomes. Then I examine whether beliefs explain socioeconomic inequality in education, work hour, criminal justice, and early parenthood outcomes.

The relationship between beliefs and social environment will be analyzed by using OLS to estimate equation (1.1) below. Beliefs to be analyzed were recorded when respondents were 15-16 years old and concern short term (within 1 year) and long term (4 years later or more) outcomes related to education, work, parenthood, criminal justice outcomes, and mortality.

$$(1.1) \quad Belief_{i,j} = \gamma_0 + \vec{\gamma}_{SI,j} SocialIndex_i + \vec{\beta}_j X_{i,j} + \varepsilon_{i,j}$$

The vector $X_{i,j}$ includes controls for academic ability, past risky behavior, adverse shocks, parental wealth, and demographics. The vector $SocialIndex_i$, is a vector of social indices constructed using the first component of a principal component analysis performed on sets of similar outcomes. Results for the principal component analysis are shown in Table A2-A8 in Appendix A.1.

For the social crime index, I use parent incarceration, peers cutting class, peers in a gang, and the 1990 serious crime level in the respondent’s county. For the social bachelor’s index, I use an indicator for parents with a bachelor’s degree, percent of same race adults with a bachelor’s or more, and peers with college plans. For the social high school index I use an indicator for parents having a high school degree only, percent of same race adults with high school only, and percent of same race adults with some college. For the sex at young ages index I use number of peers having sex, mother’s age at first birth, and percent of births to young mothers in the respondent’s county in 1990. For the economic index, I

use the unemployment rate and full time median earnings of same race, same gender adults. Finally, for the military service index, I use percent of same race, same gender adults with military service, and an indicator for whether parents have served in the military.

$$(1.2) \quad \begin{aligned} Belief_{i,j} = & \alpha_0 + \vec{\alpha}_{peer,j} \vec{Peer}_i + \vec{\alpha}_{par,j} \vec{Parent}_i \\ & + \vec{\alpha}_{T,j} \vec{Tract}_i + \vec{\alpha}_{C,j} \vec{County}_i + \vec{\delta}_{oj} \vec{X}_{i,j} + \vec{\varepsilon}_{i,j} \end{aligned}$$

I also estimated an alternative specification disaggregating the social indices to their individual components, as shown in equation (1.2), below. In equation (1.2) The vectors where \vec{Peer}_i , \vec{Parent}_i , \vec{Tract}_i , and \vec{County}_i contain peer, parent, tract, and county attributes. For equation (1.2) only graphical representations of the statistically significant coefficients are reported in the appendix. These results provide further context to which specific components of social environment influence beliefs.

$$(2.1) \quad Outcome_{i,j} = \alpha_0 + \vec{\alpha}_{belief,j} \vec{Belief}_i + \vec{\alpha}_{SI,j} \vec{SocialIndex}_i + \vec{\delta}_{oj} \vec{X}_{i,j} + \vec{\varepsilon}_{i,j}$$

$$(2.2) \quad \begin{aligned} Outcome_{i,j} = & \alpha_0 + \vec{\alpha}_{belief,j} \vec{Belief}_i + \vec{\alpha}_{peer,j} \vec{Peer}_i + \vec{\alpha}_{par,j} \vec{Parent}_i \\ & + \vec{\alpha}_{T,j} \vec{Tract}_i + \vec{\alpha}_{C,j} \vec{County}_i + \vec{\delta}_{oj} \vec{X}_{i,j} + \vec{\varepsilon}_{i,j} \end{aligned}$$

The relationship between outcomes and beliefs will be analyzed using OLS to estimate equation (2.1) and (2.2). The vector \vec{Belief}_i includes belief of graduating high school by age 20, having a degree by age 30, probability of becoming a parent by age 20, probability of arrest within the next year, probability of working more than 20 hours a week at age 30, probability of arrest if one were to steal a car, and probability of death by age 20. The vectors $\vec{X}_{i,j}$ and $\vec{SocialIndex}_i$ are defined the same as in equation (1.1). Equation

(2.2) disaggregates the social indices into $Peer_i$, $Parent_i$, $Tract_i$, and $County_i$ by vectors containing peer, parent, tract, and county attributes as in equation (1.2).

Finally after examining the relationship between beliefs and social environment, and outcomes and beliefs, I then use a Oaxaca Blinder decomposition to calculate how much socioeconomic inequality in education, work, parenthood, and criminal justice outcomes can be explained by group differences in beliefs. For the Oaxaca Blinder decomposition, I use a disaggregated equation as in (2.2), to construct how much inequality in outcomes is due to inequality in peer, neighborhood, and parent composition. I also report portion explained by wealth, shocks, academic ability measures, and past risky behavior.

None of the coefficients are interpreted as causal effects, but instead measures of the strength of the relationship between dependent and independent variables. The analysis also does not take any stance on whether beliefs are rational responses to local conditions or biased based off of excessive weight placed on non-economic factors. The results merely suggest that beliefs and their relation to social environment are worthy of further study.

4.1 Belief Analysis Results

In this subsection we analyze the relationship between beliefs of respondents when they are 15-16 years old with social environment, parental wealth, demographics, exposure to adverse shocks, academic ability, and past risky behavior. Results are reported separately for whether they pertain to school, work, early parenthood, criminal justice outcomes, and mortality.

Table 4: Beliefs about School

VARIABLES	(1) School Next Year	(2) HS Grad by 20	(3) Deg by 30
Social Crime (1sd)	0.3575 (0.4556)	-0.0606 (0.4712)	-1.5853* (0.8745)
Social Young Sex (1sd)	-0.5984 (0.4727)	0.3184 (0.6712)	-1.0559 (1.1660)
Social Bachelor's (1sd)	1.4709* (0.7621)	1.0856* (0.6531)	4.8707*** (1.1673)
Social HS Non BA (1sd)	0.8723** (0.4406)	0.5622 (0.3941)	1.0386 (0.7125)
Social Military (1sd)	-0.2537 (0.4827)	1.0030*** (0.3546)	0.4010 (0.9025)
Social Economic (1sd)	-0.709 (0.6961)	-1.0337 (0.7852)	-1.368 (0.8459)
HH Net Worth (\$10k)	0.0274 (0.0184)	0.0251 (0.0160)	0.0779** (0.0332)
Family Shocks	-0.0464 (0.3614)	-0.3549 (0.2538)	-0.3937 (0.4531)
Victim Shocks	-1.0304** (0.4987)	-0.5161 (0.5593)	-0.7788 (0.8830)
Academic Index (1sd)	2.3726*** (0.6182)	3.7565*** (0.6185)	9.8277*** (0.8782)
Past Risky Behavior	-1.3753* (0.7554)	-0.7746 (0.6954)	-2.0299** (1.0130)
Rural 1997	-4.0352*** (1.1922)	-3.2191* (1.7980)	-1.8858 (3.0097)
Urban 1997	-5.2050*** (1.1645)	-2.9496** (1.4013)	1.0112 (3.0268)
Female	-0.9574 (1.0706)	1.0338 (0.8559)	5.3729*** (2.0828)
Hispanic	-0.1152 (1.3457)	-1.4526 (1.8083)	3.5047 (3.2857)
Black	4.7363*** (1.1854)	1.4055 (1.1010)	10.0736*** (2.8468)
Observations	1,501	1,501	1,501
# State Fixed Effects	41	41	41
R^2 Overall	0.0638	0.104	0.220

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4: OLS regressions of beliefs on social environment and other controls. All beliefs are reported in percentages of event occurring between 1-100. All regressions use robust standard errors. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

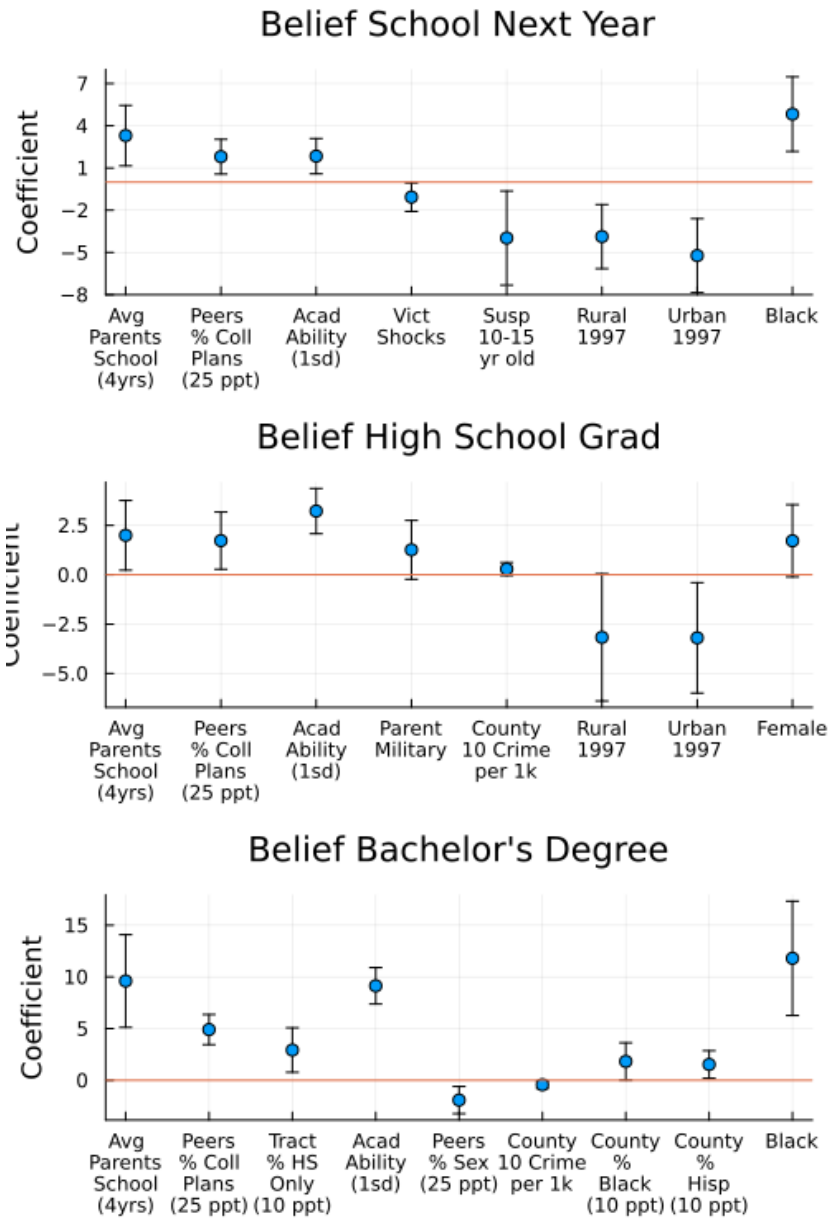


Figure 1: Presents statistically significant coefficients and 5% significant level confidence intervals from OLS analysis of beliefs. Full specification includes peer measures, parent measures, neighborhood outcomes, county attributes, demographics, parental wealth, academic ability, risky behavior, and adverse shocks as independent variables. Standard errors are robust standard errors.

Table 4 presents results on beliefs about schooling outcomes. The three beliefs examined are belief of staying in school next year in Column (1), belief of graduating high school by age 20 in Column (2), and belief of having a bachelor’s degree by age 30 in Column (3). The first panel of Table 4, shows a strong relationship between beliefs and social environment. The social bachelor’s index suggests a one standard deviation increase in exposure to bachelor’s attainment and aspirations is associated with between a 1.09 to 4.87 percentage point increase in self reported probability of the three schooling outcomes, with the largest magnitude for degree attainment. Additionally, there is a positive correlation between exposure to military service and belief of high school completion, and a negative association between exposure to crime and belief of degree attainment.

The second panel of Table 4 shows important relationships between beliefs and variables traditionally studied in economics. For instance all three beliefs exhibit a strong positive correlation with the academic ability index. Family wealth is important for teen’s beliefs of earning a degree. Additionally, exhibiting an additional risky behavior before the start of the survey is associated with a 2.03 percentage point decrease in belief of earning a college degree, and 1.38 percentage point decrease in staying in school next year holding all controls constant.

Teens who experienced an additional victim shock like being bullied, or witnessing a shooting are 1.03 percentage points less likely to believe they will stay in school next year. Additionally, Teens from more rural and urban areas relative to suburban areas are more pessimistic about high school completion, while similar to other studies, black and female teens are more optimistic about bachelor’s attainment, holding all other controls constant.

Figure 1 sheds further light on specific aspects of social environment and past risky behavior. For all three beliefs, average years of parents schooling and percent of peers with college plans are positively correlated with education aspirations. Furthermore, suspended between 10 and 15 is negatively correlated with belief of staying in school next year.

Table 5: Beliefs about Work hours

VARIABLES	(1) Work 20+hrs NY if School	(2) Work 20+hrs NY if No School	(3) Work 20+hrs at 30
Social Crime (1sd)	1.2911 (1.0842)	0.1012 (0.9179)	-0.5201 (0.5998)
Social Young Sex (1sd)	2.6967** (1.2689)	0.7708 (0.8608)	-0.2129 (0.8503)
Social Bachelor's (1sd)	-2.8816** (1.3674)	-1.2560 (1.2943)	-0.0537 (0.6305)
Social HS Non BA (1sd)	1.0155 (0.6777)	0.2736 (1.1089)	-0.2172 (0.5042)
Social Military (1sd)	1.7316 (1.0631)	1.6972** (0.6845)	-0.1846 (0.3783)
Social Economic (1sd)	2.3470* (1.2005)	2.1390** (1.0518)	0.4055 (0.6174)
HH Net Worth (\$10k)	-0.1197*** (0.0439)	0.0288 (0.0429)	-0.0232 (0.0246)
Family Shocks	1.1969*** (0.4444)	0.5279 (0.5838)	0.1926 (0.3006)
Victim Shocks	0.1562 (0.7514)	0.4336 (0.8083)	-0.1981 (0.4186)
Academic Index (1sd)	-1.6090 (1.3379)	4.2708*** (1.0134)	3.0799*** (0.5775)
Past Risky Behavior	3.1848*** (0.8160)	1.6355*** (0.5515)	0.2391 (0.6658)
Rural 1997	-0.4244 (4.3266)	3.5500 (4.0742)	-1.1353 (2.2992)
Urban 1997	1.1592 (4.7405)	2.0865 (3.9903)	-0.6494 (2.0559)
Female	4.6668*** (1.7825)	4.2896** (1.7950)	0.4627 (1.2371)
Hispanic	-0.9885 (2.0349)	0.5106 (2.0009)	-0.4592 (1.1556)
Black	-0.8193 (2.8126)	0.8740 (1.8415)	-0.7875 (1.2741)
Observations	1,501	1,501	1,501
# State Fixed Effects	41	41	41
R^2	0.0826	0.0447	0.0563

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5: OLS regressions of beliefs on social environment and other controls. All beliefs are reported in percentages of event occurring between 1-100. All regressions use robust standard errors. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

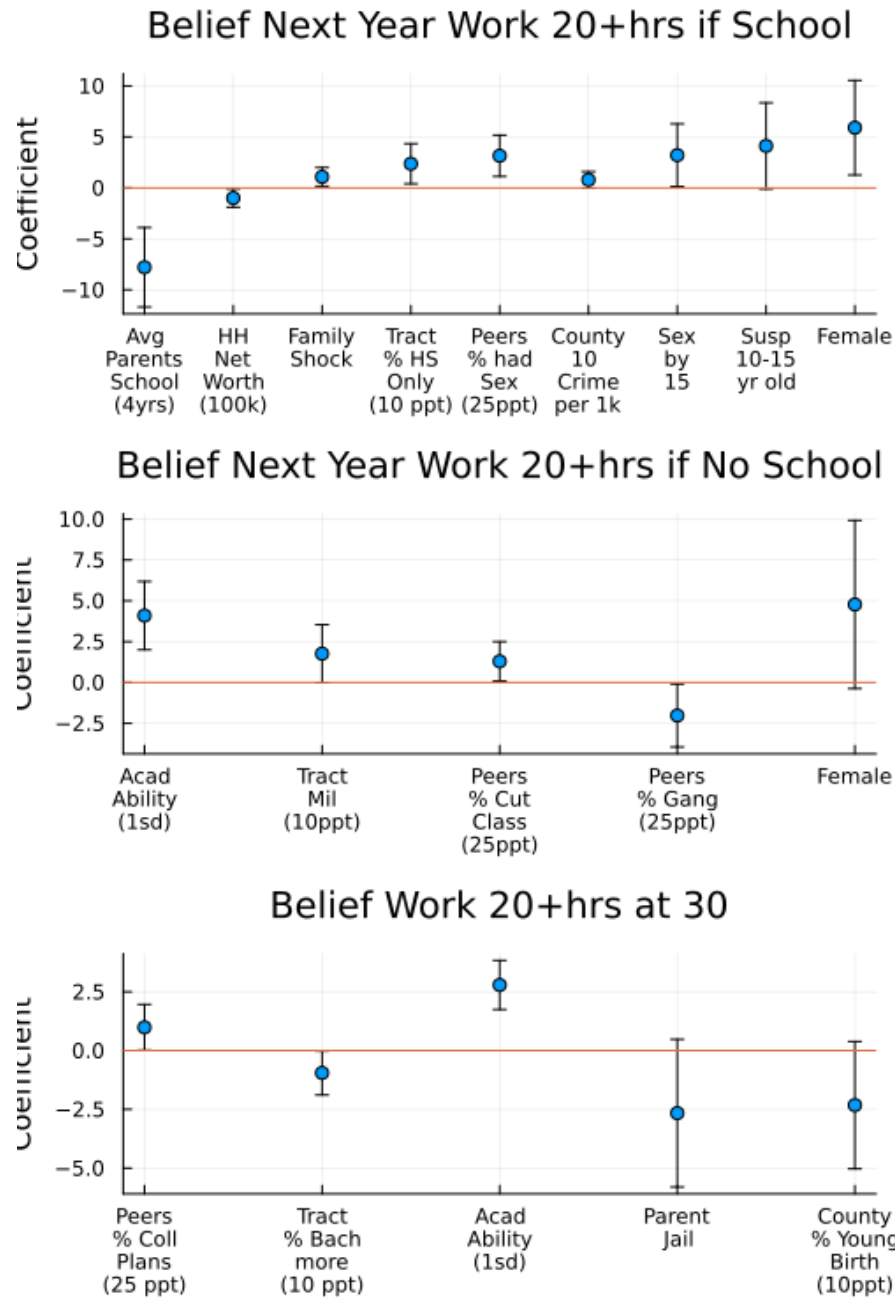


Figure 2: Presents statistically significant coefficients and 5% significant level confidence intervals from OLS analysis of beliefs. Full specification includes peer measures, parent measures, neighborhood outcomes, county attributes, demographics, parental wealth, academic ability, risky behavior, and adverse shocks as independent variables. Standard errors are robust standard errors..

Table 5 presents results on beliefs about work hour outcomes, specifically beliefs about working more than 20 hours a week. Column (1), shows results for beliefs about this event next year conditional on continuing high school, Column (2) for this event next year conditional on high school dropout, and Column (3) for this event at age 30. The first panel of Table 5, shows important roles for social environment for working more than 20 hours next year whether in high school or not. While, there is no statistically significant relationship with all covariates except academic ability and belief of working 20 plus hours at age 30.

For working 20 plus hours a week next year both while in school and not, there is a strong positive correlation with local economic conditions of similar adults. A one standard deviation increase in this index is associated with between a 2.35 and 2.14 percentage point increase in the belief working 20 plus hours next year, holding all other controls constant. Additionally, exposure to more military service and higher academic ability is associated with a higher perceived likelihood of working 20 plus hours conditional on dropout.

Column (1) in Table 5 also shows less economic security measured by household net worth, exposure to adverse family shocks, and less exposure to bachelor's attainment is positively correlated with the belief of working more than 20 plus hours next year while in high school. This suggest that teens from less affluent backgrounds may believe they have to work to either compensate for less family resources, or assist their families with less resources. The statistically significant results for social young sex, female, and past risky behavior which may be more the case for young women.

Many of these observations are confirmed in Figure 2. For instance, the top graph shows a teen from a more working class background with less economic security as measured by parents schooling, similar adults with high school education only, less family wealth and more family shocks believes they are more likely to work 20 plus hours while in high school. Furthermore, if they are exposed to more sexual activity at young ages including their own, they believe they are more likely to work while in high school.

Table 6: Beliefs about Parenthood

VARIABLES	(1) Parent Next Year	(2) Parent by 20
Social Crime (1sd)	0.7493 (0.6208)	2.0206*** (0.7217)
Social Young Sex (1sd)	0.6883 (0.4689)	2.2386*** (0.6912)
Social Bachelor's (1sd)	0.3233 (0.5283)	-0.5020 (0.9677)
Social HS Non BA (1sd)	-0.0328 (0.5769)	-0.0309 (0.8122)
Social Military (1sd)	-0.3381 (0.4047)	-0.0163 (0.5869)
Social Economic (1sd)	-0.4017 (0.4049)	0.2404 (1.1268)
HH Net Worth (\$10k)	0.0350 (0.0237)	0.0016 (0.0293)
Family Shocks	0.0897 (0.2593)	0.2992 (0.4986)
Victim Shocks	-0.6408 (0.6386)	0.0238 (0.9826)
Academic Index (1sd)	-1.8894*** (0.5630)	-3.9053*** (0.6799)
Past Risky Behavior	3.3107*** (0.5503)	4.8688*** (0.7774)
Rural 1997	3.1124 (2.1258)	5.5655** (2.5220)
Urban 1997	2.3528 (1.7754)	2.6388 (2.6111)
Female	-2.2629** (0.8829)	-0.6869 (1.8618)
Hispanic	1.5990 (2.1248)	1.2262 (2.5705)
Black	0.1458 (1.3355)	-3.1822 (2.4439)
Observations	1,501	1,501
# State Fixed Effects	41	41
R^2	0.109	0.142

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6: OLS regressions of beliefs on social environment and other controls. All beliefs are reported in percentages of event occurring between 1-100. All regressions use robust standard errors. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

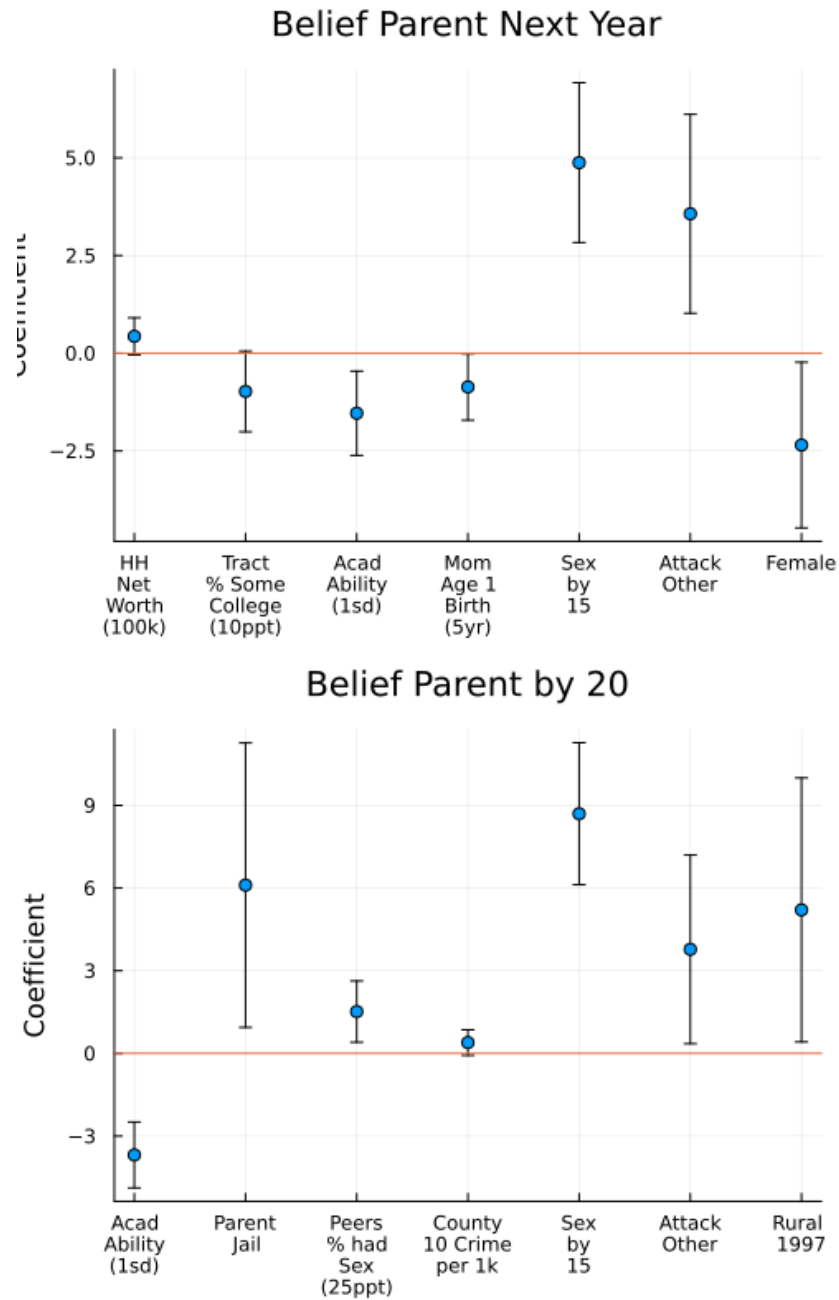


Figure 3: Presents statistically significant coefficients and 10% significant level confidence intervals from OLS analysis of beliefs. Full specification includes peer measures, parent measures, neighborhood outcomes, county attributes, demographics, parental wealth, academic ability, risky behavior, and adverse shocks as independent variables. Standard errors are robust standard errors..

Table 6 presents results on beliefs about parenthood, measured by probability of being a parent next year in Column (1), and belief of being a parent by age 20 in Column (2). Table 6 shows that for belief of being a parent next year, the only statistically significant coefficients are the academic index, past risky behavior and whether the respondent is female, where female respondents believe parenthood is less likely for them than similar males.

Table 6 shows that social environment is much more important for belief of being a parent by age 20. For instance, teens who come from a rural area are 5.67 percentage points more likely to believe they will be a parent by age 20, holding all other controls constant. Additionally, teens who are exposed to more crime or sex at young ages are more likely to believe they will be parents by age 20, where a one standard deviation in either of these measures is associated with between a 2.02 and 2.24 percentage points in belief of being a parent by 20. Similar to belief of being a parent next year, academic ability and past risky behavior are also strongly correlated to belief of being a parent by age 20.

Figure 3 reveals which aspects of social environment and past risky behavior are associated with beliefs of parenthood. For instance, both reporting having previously attacked another or having had sex before the age of 15 are both correlated with belief of being a parent young. Sex at young ages is also positively correlated with beliefs of early parenthood, specifically peers for parenthood by 20, and mother's age at first birth for parenthood next year. Additionally, more exposure to crime through parental incarceration and serious crime rates in one's county are also positively correlated with belief of being a parent by age 20.

Table 7 presents results for beliefs about criminal justice outcomes. Similar to Tables 4-6, more exposure to crime is strongly correlated with belief of coming into contact with the criminal justice system, where a one standard deviation in exposure to crime is associated with 2.38 and 0.76 percentage point increase in belief of being arrested next year and being in Jail by age 20.

Table 7: Beliefs about Criminal Justice Outcomes

VARIABLES	(1) Arrested if Stole Car	(2) Arrest Next Year	(3) Jailed at 20
Social Crime (1sd)	-0.3540 (1.2987)	2.3809*** (0.5313)	0.7579** (0.3166)
Social Young Sex (1sd)	1.4022 (1.3342)	0.2493 (0.6519)	0.6056 (0.4305)
Social Bachelor's (1sd)	1.1987 (1.5461)	1.7763*** (0.6187)	1.0799** (0.4211)
Social HS Non BA (1sd)	1.6386 (1.1679)	0.4341 (0.4887)	-0.0674 (0.2782)
Social Military (1sd)	-0.9218 (1.0077)	0.3300 (0.4909)	-0.0368 (0.2929)
Social Economic (1sd)	-1.6789 (1.2284)	-1.6616** (0.8215)	-0.4358 (0.4046)
HH Net Worth (\$10k)	0.0491 (0.0579)	0.0618** (0.0248)	0.0187 (0.0127)
Family Shocks	0.8174 (0.8047)	0.3442 (0.2919)	0.3204 (0.2167)
Victim Shocks	-0.3183 (1.3519)	0.8844* (0.4925)	0.6317 (0.3904)
Academic Index	3.8636*** (1.3654)	-0.9374* (0.5496)	-1.9110*** (0.3148)
Past Risky Behavior	-2.7339** (1.3208)	3.0721*** (0.6461)	1.0995*** (0.3616)
Rural 1997	-4.3627 (7.2533)	-0.5023 (1.9785)	1.6691 (1.5068)
Urban 1997	-5.8555 (6.9361)	-0.9360 (2.1709)	0.8660 (1.2694)
Female	-2.3082 (2.0485)	-6.1535*** (1.4344)	-3.1241*** (0.6176)
Hispanic	-2.0543 (3.7296)	0.9382 (1.2856)	0.5100 (1.1898)
Black	-3.1181 (4.3403)	1.0963 (1.3217)	-0.9169 (0.8916)
Observations	1,501	1,501	1,501
# State Fixed Effects	41	41	41
R^2	0.0431	0.133	0.0928

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 7: OLS regressions of beliefs on social environment and other controls. All beliefs are reported in percentages of event occurring between 1-100. All regressions use robust standard errors. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

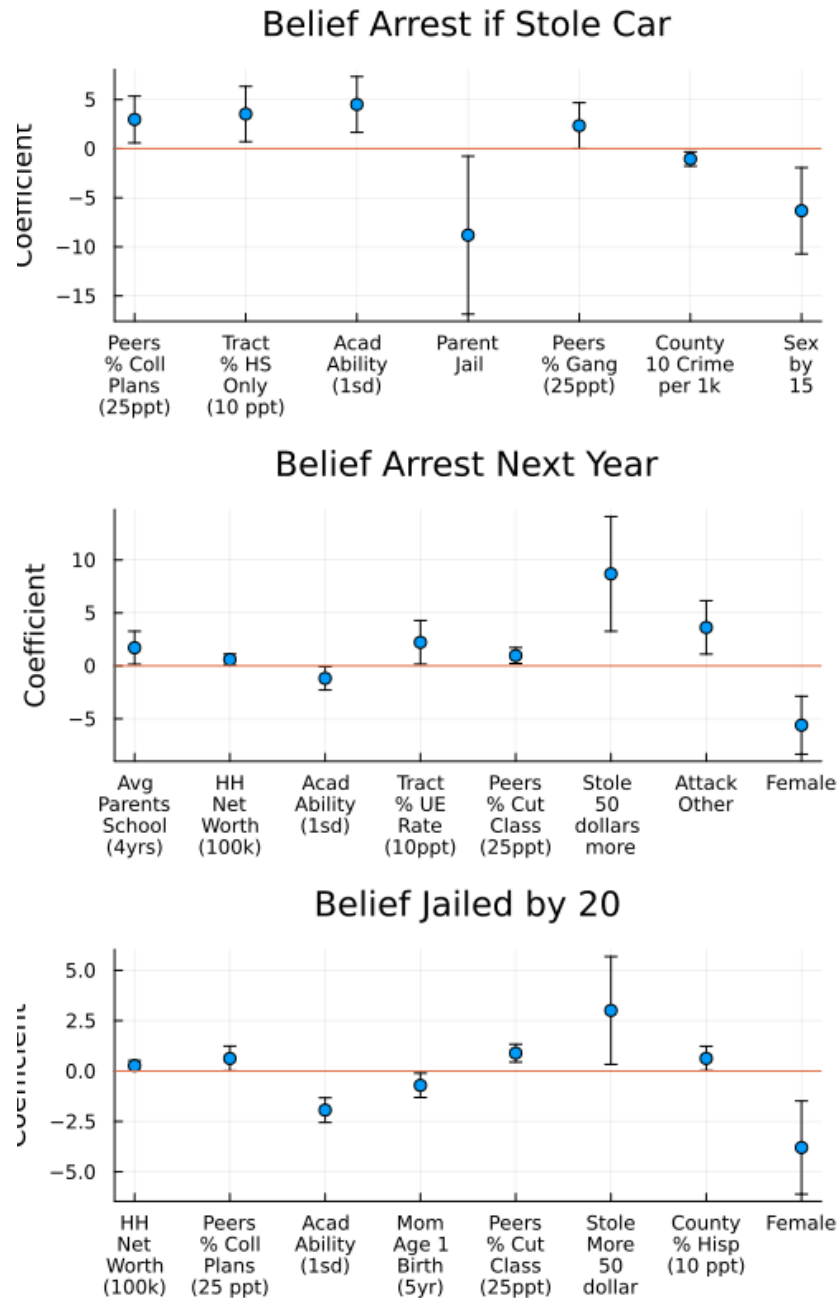


Figure 4: Presents statistically significant coefficients and 10% significant level confidence intervals from OLS analysis of beliefs. Full specification includes peer measures, parent measures, neighborhood outcomes, county attributes, demographics, parental wealth, academic ability, risky behavior, and adverse shocks as independent variables. Standard errors are robust standard errors..

Table 7 also shows some expected but also unexpected results as well. Intuitively, better economic outcomes for adults of the same race/ethnicity and gender is negatively associated with belief of being arrested next year. Less surprising, more past risky behavior and lower measures of academic ability are associated with a higher perceived probability of being arrested next year and jailed by age 20. Puzzling results include a positive association of belief of arrest and incarceration with social bachelor's index, and parental wealth.

Table 7 also demonstrates interesting patterns related to perceived risk of serious crimes. Column (1) shows that teens with more academic ability and less past risky behavior believe arrest risk after car theft is higher. Although, none of the coefficients for the social indices are statistically significant, the disaggregated analysis results shown in Figure 4 suggest otherwise.

Figure 4 shows that teens with more exposure to crime, parent incarceration, less peer college aspirations, or less exposure to adults with at least a high school diploma believe that crime risk following car theft is lower. This suggest that higher beliefs of incarceration or arrest among youth from these backgrounds is not due to arrest risk following crime but instead an anticipation that they themselves are more likely to commit crime. Another possibility would be belief of being targeted for crime without committing a crime.

Finally, Table 8 presents results for beliefs about mortality. Table 8 shows more exposure to crime, young sex, and experiencing more victim shocks are all strongly positively correlated with beliefs of dying next year and by the age of 20. Figure 5 shows that peers having sex, county level percent of births to young mothers, as well as peer gang involvement and cutting class are positively correlated with belief of death. Exposure to better economic conditions for demographically similar adults is associated with a decrease in self reported probability of death. Similar to Table 7, there are also some unexpected results. For example, a one standard deviation increase in the social bachelor's index is associated with a 1.55 percentage point increase in belief of dying next year and dying by age 20.

Table 8: Beliefs about Mortality

VARIABLES	(1) Die Next Year	(2) Die by 20
Social Crime (1sd)	2.1916** (0.9070)	2.5283*** (0.8284)
Social Young Sex (1sd)	2.5271*** (0.7969)	1.9942** (0.8506)
Social Bachelor's (1sd)	1.5490* (0.8355)	1.5501** (0.7331)
Social HS Non BA (1sd)	0.8294 (0.6536)	0.9852 (0.6610)
Social Military (1sd)	0.4728 (0.5122)	-0.1018 (0.5840)
Social Economic (1sd)	-1.4412 (0.9789)	-1.7958* (1.0706)
HH Net Worth (\$10k)	-0.0089 (0.0321)	-0.0383 (0.0350)
Family Shocks	0.1339 (0.3819)	0.6008 (0.4055)
Victim Shocks	1.8597** (0.7834)	2.3960*** (0.6839)
Academic Index (1sd)	-1.0310 (0.6349)	-0.2202 (0.6310)
Past Risky Behavior	0.4916 (0.5317)	0.3192 (0.5107)
Rural 1997	0.8325 (3.4330)	1.0781 (3.0912)
Urban 1997	0.3697 (3.4740)	0.3847 (3.2593)
Female	2.4064* (1.2861)	1.0863 (1.3511)
Hispanic	-1.4320 (2.0742)	-0.7594 (1.4874)
Black	-0.3109 (1.7527)	-2.1400 (1.8497)
Observations	1,501	1,501
# State Fixed Effects	41	41
R^2	0.0636	0.0612

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 8: OLS regressions of beliefs on social environment and other controls. All beliefs are reported in percentages of event occurring between 1-100. All regressions use robust standard errors. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

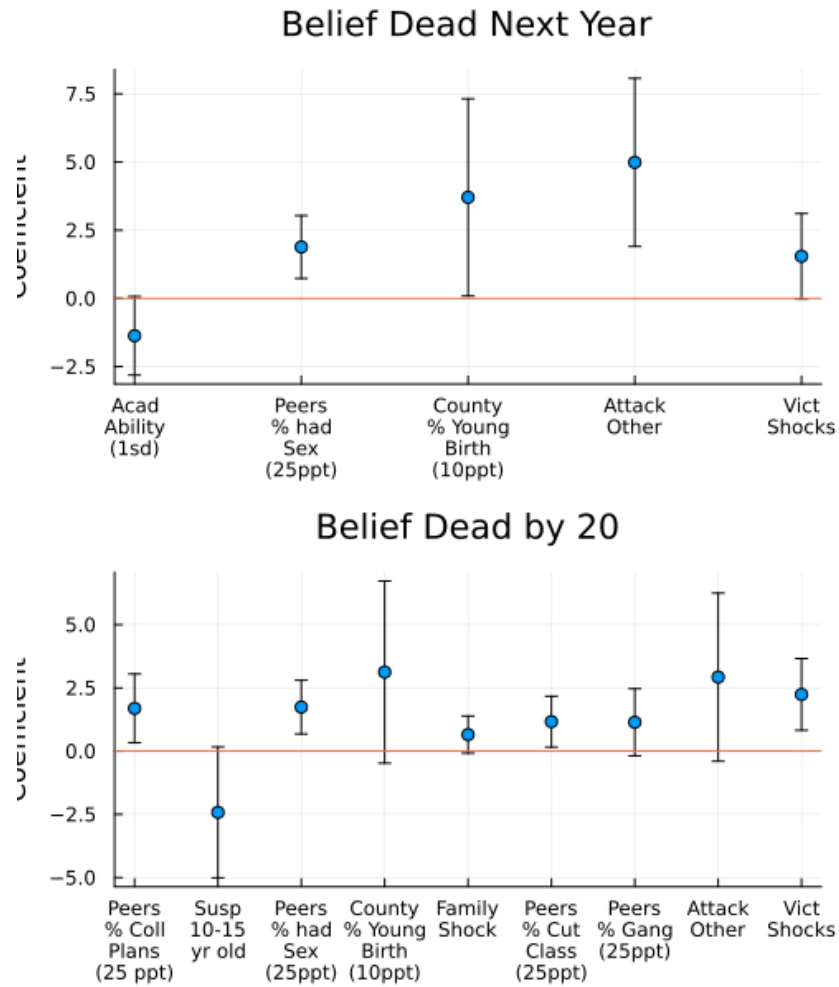


Figure 5: Presents statistically significant coefficients and 10% significant level confidence intervals from OLS analysis of beliefs. Full specification includes peer measures, parent measures, neighborhood outcomes, county attributes, demographics, parental wealth, academic ability, risky behavior, and adverse shocks as independent variables. Standard errors are robust standard errors..

Overall the results in this section suggest that teen beliefs about certain outcomes, be it school, work, parenthood, or criminal justice outcomes are strongly positively correlated with exposure to similar outcomes occurring among their social network. There are also interesting cross relationships between exposure to outcomes and beliefs about non corresponding outcomes.

Teens who are exposed to more crime, or more young sex, believe that events like early parenthood, death, and arrest are more likely, while bachelor's attainment is less likely holding all controls constant. More exposure to better education outcomes is positively associated with optimism regarding schooling but also surprisingly death and arrest. Finally, teens from families with less family resources with less exposure to college education believe they are more likely to work 20 hours or more in high school, while those exposed to more crime and less education believe crime is less risky, holding all controls constant. The next section examines the relationship between actual outcome realizations and beliefs.

4.2 Outcomes Analysis

In this subsection we analyze the relationship between actual outcome realizations and beliefs recorded when respondents were ages 15-16 years old. Outcomes analyzed are high school dropout, bachelor's attainment, work 20 plus hours a week in the year 2010,¹¹ parent by age 20, ever arrested, and ever incarcerated during the length of the study. For all analysis, the first column corresponding to each outcome are the results for the preferred specification using social indices, while the second column corresponding to each outcome includes the disaggregated social environment characteristics. For the most part there is little difference in the belief coefficients between the social index and disaggregated specifications.

¹¹This year was chosen because it was close to the age of 30 corresponding to the belief, while also preserving the sample size.

Table 9: School Outcomes Regressed on Past Beliefs

VARIABLES	(1) HS Dropout	(2) HS Dropout	(3) Bachelor's	(4) Bachelor's
Prob Work 20+hrs at 30 (10 ppts)	0.0023 (0.0076)	0.0011 (0.0076)	-0.0004 (0.0056)	0.0020 (0.0050)
Prob HS Grad by 20 (10 ppts)	-0.0418*** (0.0085)	-0.0414*** (0.0086)	-0.0124*** (0.0045)	-0.0123** (0.0052)
Prob Deg by 30 (10 ppts)	-0.0100*** (0.0036)	-0.0086** (0.0035)	0.0217*** (0.0027)	0.0200*** (0.0030)
Prob Parent by 20 (10 ppts)	0.0138*** (0.0040)	0.0130*** (0.0040)	-0.0009 (0.0035)	-0.0004 (0.0036)
Prob Arrested if Stole Car (10 ppts)	0.0027 (0.0020)	0.0025 (0.0020)	-0.0011 (0.0023)	-0.0000 (0.0021)
Prob Arrest Next Year (10 ppts)	0.0010 (0.0048)	0.0021 (0.0049)	-0.0039 (0.0064)	-0.0057 (0.0066)
Prob Die by 20 (10ppts)	-0.0050 (0.0038)	-0.0054 (0.0042)	-0.0023 (0.0053)	-0.0009 (0.0053)
Observations	1,501	1,501	1,501	1,501
Number of States	41	41	41	41
Social Indices	Yes	No	Yes	No
Disaggregated Social Chars.	No	Yes	No	Yes
R^2	0.279	0.287	0.369	0.380

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 9: Reports coefficients from OLS regressions of outcomes on beliefs and other controls. All regressions use robust standard errors. Regressions also control for social environment, academic ability, risky behavior before 1997, race, ethnicity, gender, whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county

Table 9 shows results for school outcomes. Table 9 shows that both belief of high school completion and obtaining a degree by age 30 are negatively correlated with high school dropout. Conversely, belief of being a parent by age 20 is positively correlated with being a high school dropout, where a 10 percentage point increase in belief of being a parent by age 20 is associated with a 1.3-1.4 percentage point increase in probability of dropping out of high school.

For bachelor's attainment there is a statistically significant relationship between belief of having a degree by age 30, where a 10 point percentage point increase in belief of having a degree by age 30 is associated with between a 2.0 to 2.2 percentage point increase in actual probability of obtaining a bachelor's degree. Surprisingly, there is a negative relationship between belief of having a high school degree by age 20, and actual bachelor's attainment. This may reflect that teens perceive the question as asking probability of being a high school graduate only.

Table 10 shows results for the outcome realization of working 20 plus hours a week in 2010, when respondents are approximately 30 year old. Surprisingly, there is no statistically significant relationship between working 20 plus hours a week in 2010, and it's corresponding belief. However, beliefs related to criminal justice events are strongly related to actually working 20 plus hours a week in 2010. A ten percentage point increase in belief of being arrested within the next year as a teen is associated with between a 1.8-1.9 percentage point decrease in working 20 plus hours in 2010, holding all controls constant. Belief of arrest conditional on stealing a car is also negatively correlated with working 20 plus hours a week in 2010.

Table 10: Work Hours 2010 Regressed on Past Beliefs

VARIABLES	(1) Work 20+ hrs 2010	(2) Work 20+ hrs 2010
Prob Work 20+hrs at 30 (10 ppts)	0.0065 (0.0080)	0.0071 (0.0082)
Prob HS Grad by 20 (10 ppts)	0.0035 (0.0072)	0.0036 (0.0073)
Prob Deg by 30 (10 ppts)	0.0042 (0.0046)	0.0040 (0.0044)
Prob Parent by 20 (10 ppts)	0.0041 (0.0049)	0.0038 (0.0053)
Prob Arrested if Stole Car (10 ppts)	-0.0065** (0.0028)	-0.0061** (0.0028)
Prob Arrest Next Year (10 ppts)	-0.0193** (0.0081)	-0.0178** (0.0079)
Prob Die by 20 (10ppts)	0.0054 (0.0040)	0.0057 (0.0040)
Observations	1,501	1,501
Number of States	41	41
Social Indices	Yes	No
Disaggregated Social Chars.	No	Yes
R^2	0.110	0.116

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 10: Reports coefficients from OLS regressions of outcomes on beliefs and other controls. All regressions use robust standard errors. Regressions also control for social environment, academic ability, risky behavior before 1997, race, ethnicity, gender, whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county

Table 11: Early Parenthood Regressed on Past Beliefs

VARIABLES	(1) Parent by 20	(2) Parent by 20
Prob Work 20+hrs at 30 (10 ppts)	0.0014 (0.0092)	0.0022 (0.0086)
Prob HS Grad by 20 (10 ppts)	-0.0078 (0.0086)	-0.0054 (0.0089)
Prob Deg by 30 (10 ppts)	-0.0082** (0.0032)	-0.0062** (0.0030)
Prob Parent by 20 (10 ppts)	0.0147*** (0.0048)	0.0130*** (0.0049)
Prob Arrested if Stole Car (10 ppts)	0.0012 (0.0021)	0.0022 (0.0022)
Prob Arrest Next Year (10 ppts)	-0.0045 (0.0063)	-0.0019 (0.0068)
Prob Die by 20 (10ppts)	-0.0004 (0.0045)	-0.0001 (0.0044)
Observations	1,501	1,501
Number of States	41	41
Social Indices	Yes	No
Disaggregated Social Chars.	No	Yes
R^2	0.189	0.211

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 11: Reports coefficients from OLS regressions of outcomes on beliefs and other controls. All regressions use robust standard errors. Regressions also control for social environment, academic ability, risky behavior before 1997, race, ethnicity, gender, whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county

Table 11 shows results for the outcome realization of being a parent by the age of 20. Belief of being a parent by age 20 is strongly positively related to actually being a parent by age 20, while belief of having a degree by age 30 is strongly negatively correlated with actually being a parent by age 20. A ten percentage point increase in belief of being a parent by age 20 is associated with between a 1.3-1.5 percentage point increase in actual probability of being a parent by age 20, holding all controls constant. A ten percentage point increase in belief of having a degree by age 30 is associated with between a 0.6 and 0.8 percentage point decrease in actual probability of being a parent by age 20.

Finally Table 12 shows results for arrest and incarceration realizations. Belief of being arrested within the next year as a teen is strongly correlated with both arrest and incarceration realizations. A ten percentage point increase in belief of being arrested next year is associated with between a 2.4 to 2.5 percentage point increase in actual probability of arrest, and 1.8 percentage point increase in actual probability of being incarcerated, holding all other controls constant. Belief of being a parent by age 20 is also positively correlated with actual probability of being arrested, where a 10 percentage point increase in this belief is associated with a 1.2 percentage point increase in probability of being arrested.

For most of the outcomes examined in this analysis, outcomes realizations are strongly correlated with their corresponding beliefs¹², where a 10 percentage point increase in the corresponding belief is associated with between a 1.3 to 4.2 percentage point increase in the corresponding event occurring. Additionally, there are interesting cross relationships between non corresponding beliefs and outcomes. For instance belief of being a parent is positively correlated with being arrested and dropping out of high school. Belief of having a degree by age 30 is negatively correlated with being a parent by age 20, and belief of being arrested is negatively correlated with working 20 plus hours a week in 2010.

¹²The exception is work 20 plus hours a week in 2010 and belief of work 20 plus hours a week at age 30.

Table 12: Criminal Justice Outcomes Regressed on Past Beliefs

VARIABLES	(1) Arrested	(2) Arrested	(3) Incarcerated	(4) Incarcerated
Prob Work 20+hrs at 30 (10 ppts)	-0.0012 (0.0055)	-0.0016 (0.0057)	0.0082* (0.0045)	0.0084* (0.0048)
Prob HS Grad by 20 (10 ppts)	0.0045 (0.0077)	0.0064 (0.0076)	0.0034 (0.0055)	0.0038 (0.0056)
Prob Deg by 30 (10 ppts)	-0.0031 (0.0039)	-0.0037 (0.0039)	-0.0038 (0.0033)	-0.0048 (0.0034)
Prob Parent by 20 (10 ppts)	0.0121** (0.0050)	0.0116** (0.0054)	0.0019 (0.0040)	0.0017 (0.0040)
Prob Arrested if Stole Car (10 ppts)	0.0015 (0.0025)	0.0010 (0.0024)	0.0030** (0.0014)	0.0022 (0.0015)
Prob Arrest Next Year (10 ppts)	0.0235*** (0.0079)	0.0249*** (0.0078)	0.0180*** (0.0054)	0.0184*** (0.0054)
Prob Die by 20 (10ppts)	-0.0013 (0.0055)	-0.0023 (0.0052)	-0.0032 (0.0034)	-0.0031 (0.0036)
Observations	1,501	1,501	1,501	1,501
Number of States	41	41	41	41
Social Indices	Yes	No	Yes	No
Disaggregated Social Chars.	No	Yes	No	Yes
R^2	0.203	0.218	0.141	0.154

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 12: Reports coefficients from OLS regressions of outcomes on beliefs and other controls. All regressions use robust standard errors. Regressions also control for social environment, academic ability, risky behavior before 1997, race, ethnicity, gender, whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county

Appendix Tables A9-A12 reports how coefficients on social environment indices, wealth, adverse shocks, academic ability, and past risky behavior change with the inclusion of beliefs on the outcome regressions. For most statistically significant coefficients, the coefficients shrink in magnitude. However these changes are very small and likely not statistically significant. This suggest beliefs may be part of the relationship between outcomes and social environment, but may also have an independent effect on beliefs. In the next section we perform a Oaxaca Blinder decomposition to see how much socioeconomic inequality can be explained by socioeconomic inequality in teen beliefs of the future.

4.3 Oaxaca Blinder Decomposition: Socioeconomic Gaps

In this subsection, I explore to what extent socioeconomic differences in outcomes can be explained by differences in beliefs. I also report how much of this inequality can be explained by differences in peer activities, parent history, neighborhood attributes, exposure to adverse shocks, academic ability, and past risky behavior. I do this by performing a Oaxaca Blinder decomposition of outcomes, first comparing low to high parental wealth adolescents then mid to high parental wealth adolescents.

Table 13 shows the results for the Oaxaca Blinder decomposition comparing socioeconomic inequality for youth from the bottom tercile to youth from the top tercile of the parental wealth tercile. Beliefs explain a statistically significant 26% percent of HS dropout gaps and 5% of Bachelor's attainment gaps for low versus high parental wealth youth. Neighborhood differences explain a marginally significant 20% of early parenthood gaps. Household differences explain 27% of early parenthood, and 21% of bachelor's attainment gaps. Peer differences explain early parenthood and high school dropout gaps .While differences in wealth and shocks explain higher education gaps. Academic ability differences explain incarceration, education attainment, and work inequality. Past risky behavior plays an important role in explaining criminal justice, early parenthood, and education attainment gaps.

Table 13: Low vs High Gaps Oaxaca Blinder Pct Explained Results

VARIABLES	(1) Arrest	(2) Incarc	(3) Parent	(4) HS Drop	(5) Bachelor's	(6) Work
Beliefs	0.0188	0.0047	0.0099	0.0576***	0.0207**	0.0019
% Explained	12.78	6.47	4.89	26.17	4.93	1.21
Neighborhood	-0.0229	-0.0090	0.0412*	-0.0386	0.0015	-0.0048
% Explained	-15.57	-12.4	20.34	-17.54	0.36	-3.06
Household	-0.0031	-0.0070	0.0544***	0.0252	0.0874***	-0.0187
% Explained	-2.11	-9.64	26.85	11.45	20.8	-11.93
Wealth	-0.0222	-0.0219	0.0085	-0.0072	0.0642**	-0.01
% Explained	-15.09	-30.17	4.2	-3.27	15.28	-6.38
Shocks	0.0239*	0.0026	-0.0154	0.0008	0.0420***	0.0421***
% Explained	16.25	3.58	-7.6	0.36	10	26.85
Peers	0.0043	0.0053	0.0408***	0.0272**	0.0055	0.008
% Explained	2.92	7.3	20.14	12.36	1.31	5.1
Academic	0.0336	0.0296**	-0.0095	0.0955***	0.1546***	0.1031***
% Explained	22.84	40.77	-4.69	43.39	36.79	65.75
Risky Behavior	0.0518***	0.0233***	0.0513***	0.0204**	0.0314***	0.0031
% Explained	35.21	32.09	25.32	9.27	7.47	1.98
Other	-0.0242	-0.0023	-0.0001	-0.0030	-0.0570***	-0.035
% Explained	-16.45	-3.17	-0.05	-1.36	-13.56	-22.32
Low Mean	0.3384***	0.1158***	0.2559***	0.2492***	0.1633***	0.6229***
High Mean	0.1913***	0.0395***	0.0533***	0.0291***	0.5835***	0.7797***
Difference	0.1471***	0.0763***	0.2026***	0.2201***	0.4202***	0.1568***
Explained	0.0601	0.0160	0.1811***	0.1778***	0.3503***	0.0898**
Unexplained	0.0870*	0.0603**	0.0215	0.0423	0.0700	0.0669
Observations	1,007	976	1,007	1,007	1,007	1,007
N High	413	380	413	413	413	413
N Low	594	596	594	594	594	594

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 13: Reports results from a Oaxaca Blinder decomposition. Only results for the explained portion for each group of coefficients is shown. The reference equation used to conduct the analysis pools low and high wealth youth together. Percent explained is calculated by dividing the explained portion of the difference in outcomes corresponding to each group of variables by the difference in mean outcomes between the groups.

Table 14: Mid vs High Gaps Oaxaca Blinder Pct Explained Results

VARIABLES	(1) Arrest	(2) Incarc	(3) Parent	(4) HS Drop	(5) Bachelor's	(6) Work
Beliefs % Explained	0.0073 6.62	0.0017 3.74	0.0193*** 16.25	0.0203*** 19.8	0.0278*** 9.72	0.0054 8.29
Neighborhood % Explained	-0.0040 -3.63	-0.0128 -28.13	0.0147 12.37	0.0226** 22.05	-0.0154 -5.38	0.0196 30.11
Household % Explained	0.0105 9.52	0.0138 30.33	0.0137 11.53	-0.0164* -16	0.0636*** 22.24	0.0008 1.23
Wealth % Explained	-0.0039 -3.54	-0.0098 -21.54	0.0113 9.51	-0.0008 -0.78	0.0396* 13.85	-0.0056 -8.6
Shocks % Explained	0.0121* 10.97	0.0028 6.15	0.0081 6.82	0.0000 0	0.0312*** 10.91	0.0194*** 29.8
Peers % Explained	-0.0027 -2.45	0.0053 11.65	0.0067 5.64	0.0154*** 15.02	0.0078 2.73	0.0051 7.83
Academic % Explained	0.0471*** 42.7	0.0146* 32.09	0.0138 11.62	0.0634*** 61.85	0.1201*** 41.99	0.0579*** 88.94
Risky Behavior % Explained	0.0387*** 35.09	0.0217*** 47.69	0.0186*** 15.66	0.0136** 13.27	0.0202*** 7.06	0.0141* 21.66
Other % Explained	-0.0132 -11.97	0.0024 5.27	-0.0001 -0.08	-0.0274** -26.73	-0.0181 -6.33	-0.0273 -41.94
Mid Mean	0.3016***	0.0891***	0.1721***	0.1316***	0.2976***	0.7146***
High Mean	0.1913***	0.0436***	0.0533***	0.0291***	0.5835***	0.7797***
Difference	0.1103***	0.0455***	0.1188***	0.1025***	0.2860***	0.0651**
Explained	0.0920***	0.0397**	0.1061***	0.0907***	0.2768***	0.0894***
Unexplained	0.0184	0.0058	0.0127	0.0119	0.0092	-0.0243
Observations	907	907	907	907	907	907
N High	413	413	413	413	413	413
N Mid	494	494	494	494	494	494

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 14: Reports results from a Oaxaca Blinder decomposition. Only results for the explained portion for each group of coefficients is shown. The reference equation used to conduct the analysis pools mid and high wealth youth together. Percent explained is calculated by dividing the explained portion of the difference in outcomes corresponding to each group of variables by the difference in mean outcomes between the groups.

Table 14 shows the results for the Oaxaca Blinder decomposition comparing socioeconomic inequality for youth from the middle tercile of parental wealth to youth from the top tercile of parental wealth. Beliefs explain a statistically significant 16% of early parenthood gaps, 20% percent of HS dropout gaps and 10% of Bachelor’s attainment gaps for mid versus high parental wealth youth.

For mid versus high parental wealth youth neighborhood differences explain a statistically significant 22% of high school dropout gaps. Differences in household attributes explain only 22% of bachelor’s attainment gaps. Differences in peer composition explain only 15% of high school dropout gaps. Similar to low versus high wealth teens is importance of wealth and shocks for higher education gaps. Academic ability and risky behavior are important for almost every other gap for mid versus high wealth youth.

Overall the results in this section validate the importance of social environment, wealth, academic ability, risky behavior, and adverse shocks for many of these outcomes. Most importantly beliefs explain a statistically significant amount of education attainment gaps for low versus high wealth youth and mid versus high wealth youth. Additionally beliefs explain a statistically significant amount of early parenthood gaps for mid versus high wealth youth.

5 Conclusion

In summary, this paper shows that teens beliefs about the future are strongly correlated to their social environment, while holding wealth, academic ability, exposure to adverse shocks, and past risky behavior constant. Specifically, teens believe that outcomes they are more exposed to among their social network are more likely for them, holding all other control variables constant. Additionally, more exposure to better education outcomes is positively associated with optimism regarding schooling, death, and arrest. Finally, teens from families

with less family resources, exposure to college education believe they are more likely to work 20 hours plus in high school, while those exposed to more crime and less education believe crime is less risky, holding all controls constant.

Additionally These beliefs are also strong predictors of future outcomes. For instance, a 10 percentage point increase in the corresponding belief is associated with between a 1.3 to 4.2 percentage point increase in the corresponding event occurring. Additionally, there are interesting cross relationships between non corresponding beliefs and outcomes. For instance belief of being a parent is positively correlated with being arrested and dropping out of high school. Belief of having a degree by age 30 is negatively correlated with being a parent by age 20, and belief of being arrested is negatively correlated with working 20 plus hours a week in 2010.

Finally, socioeconomic differences in beliefs explain a statistically significant amount of education attainment gaps, as well as some early parenthood gaps. Where differences in beliefs explain a statistically significant 26% percent of HS dropout gaps and 5% of Bachelor's attainment gaps for low versus high parental wealth youth. While differences in beliefs explain a statistically significant 16% of early parenthood gaps, 20% percent of HS dropout gaps and 10% of Bachelor's attainment gaps for mid versus high parental wealth youth. These results suggests that future work should investigate belief formation and social networks.

Overall, these results provide insight in what forms the basis of an adolescences information set. This can help us further understand how environment effects economic efficiency as well as how systemic inequalities shape inequality of a wide variety of outcomes. Further work should distinguish between locally rational expectations and biased beliefs from overweighing social environment. Understanding why beliefs differ will assist policy makers in designing cost effective policies that improve economic outcomes for all individuals.

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A Appendix

A.1 Sample Selection and Variable Creation

Table A1: Sample Selection Criterion

Sample Criterion	Dropped	Sample Remaining
Whole Sample		8984
Not Missing Demographics	346	8638
Not Missing Outcomes	1975	6663
Not Missing Parent Measures	1345	5318
Not Missing Peer Measures	139	5179
Not Missing Tract Measures	1811	3368
Not Missing Shocks	349	3019
Not Missing Academic	32	2987
Not Missing Risky Behavior	2	2985
Born in 1980-1981	1249	1736
Not Missing Beliefs or Peer Sex Measure	112	1624
No Criminal Justice History Pre-1997	123	1501

Table A1: Shows criterion used to construct sample. 1980 and 1981 cohort were selected since many of the belief variables and some peer characteristics were only available for these cohorts. Only one observation reported any children by the start of the survey, so no further restriction on prior children was required.

Table A2: Principle Component Analysis Academic

Variable	Comp1	Comp2	Comp3	Comp4	Comp5
ASVAB AR Score	0.4755	-0.1413	-0.5231	0.1627	0.6737
ASVAB MK Score	0.4802	-0.0337	-0.4932	-0.0197	-0.7243
ASVAB PC Score	0.4694	-0.1814	0.3579	-0.7805	0.0971
ASVAB WK Score	0.4537	-0.3211	0.5705	0.598	-0.089
Avg 8th	0.3422	0.9181	0.1716	0.0793	0.0651
	Eigenvalue	Difference	Proportion	Cumulative	
Comp1	3.65098	2.98516	0.7302	0.7302	
Comp2	0.665824	0.356373	0.1332	0.8634	
Comp3	0.309451	0.0918822	0.0619	0.9253	
Comp4	0.217569	0.0613914	0.0435	0.9688	
Comp5	0.156177		0.0312	1	
Std Dev	1.910754				
Observation	1501				
Number of Comp	5				
Trace	5				
Rho	1				

Table A2: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A3: Principle Component Analysis Crime

Variable	Comp1	Comp2	Comp3	Comp4
County: Crime Rate Per 100k	0.4394	-0.1566	0.8575	0.2171
Parent: Incarcerated	0.2527	0.9649	0.0302	0.0653
Peers: Pct Cut Class	0.58	-0.179	-0.4886	0.6268
Peers: Pct Gang	0.6377	-0.1116	-0.1584	-0.7455
	Eigenvalue	Difference	Proportion	Cumulative
Comp1	1.54173	0.576972	0.3854	0.3854
Comp2	0.964753	0.0808274	0.2412	0.6266
Comp3	0.883925	0.274329	0.221	0.8476
Comp4	0.609597		0.1524	1
Std Dev	1.242			
Observation	1501			
Number of Comp	4			
Trace	4			
Rho	1			

Table A3: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A4: Principle Component Analysis Sex Young Ages

Variable	Comp1	Comp2	Comp3	
County Pct Birth Under 20	0.5682	0.8212	-0.0525	
Peers: Pct Sex	0.5828	-0.3565	0.7302	
Mom's Age First Birth	-0.5809	0.4455	0.6812	
	Eigenvalue	Difference	Proportion	Cumulative
Comp1	1.27411	0.404734	0.4247	0.4247
Comp2	0.869378	0.0128682	0.2898	0.7145
Comp3	0.85651		0.2855	1
Std Dev	1.129			
Observation	1501			
Number of Comp	3			
Trace	3			
Rho	1			

Table A4: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A5: Principle Component Analysis Bachelor's +

Variable	Comp1	Comp2	Comp3
Parent: Bachelor's +	0.5878	-0.5366	0.6054
Tract: Pct Bachelor's +	0.6463	-0.1386	-0.7504
Peers: Pct College Plans	0.4865	0.8324	0.2653

	Eigenvalue	Difference	Proportion	Cumulative
Comp1	1.59422	0.753003	0.5314	0.5314
Comp2	0.84122	0.276662	0.2804	0.8118
Comp3	0.564558		0.1882	1

Std Dev	1.263
Observation	1501
Number of Comp	3
Trace	3
Rho	1

Table A5: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A6: Principle Component Analysis High School Non Bachelor's				
Variable	Comp1	Comp2	Comp3	
Tract: Pct HS Grad	0.7105	-0.104	0.6959	
Tract: Pct Some College	-0.0607	0.9763	0.2079	
Parent High School Grad	0.701	0.19	-0.6874	
	Eigenvalue	Difference	Proportion	Cumulative
Comp1	1.187	0.178471	0.3955	0.3955
Comp2	1.0081	0.202786	0.336	0.7316
Comp3	0.805319		0.2684	1
Std Dev	1.089			
Observation	1501			
Number of Comp	3			
Trace	3			
Rho	1			

Table A6: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A7: Principle Component Analysis Military

Variable	Comp1	Comp2		
Parent Military	0.7071	0.7071		
Tract Pct Milever	0.7071	-0.7071		
		Eigenvalue	Difference	Proportion Cumulative
Comp1		1.0507	0.101407	0.5254
Comp2		0.949297		1
Std Dev	1.025			
Observation	1501			
Number of Comp	2			
Trace	2			
Rho	1			

Table A7: Reports results from Principle component analysis. First principle component was used for the construction of the index.

Table A8: Principle Component Analysis Local Economic

Variable	Comp1	Comp2		
Tract: Median Earnings	-0.7071	0.7071		
Tract: Unemployment Rate	0.7071	0.7071		
	Eigenvalue	Difference	Proportion	Cumulative
Comp1	1.36691	0.733813	0.6835	0.6835
Comp2	0.633093		0.3165	1
Std Dev	1.169			
Observation	1501			
Number of Comp	2			
Trace	2			
Rho	1			

Table A8: Reports results from Principle component analysis. First principle component was used for the construction of the index.

A.2 How Beliefs Change Other Coefficients in Outcome Regression

Table A9: How Beliefs Change Coefficients on Schooling

VARIABLES	(1) HS Dropout	(2) HS Dropout	(3) %Change	(4) Bachelors	(5) Bachelors	(6) %Change
Crime Index	0.0274*** (0.0093)	0.0241*** (0.0093)	-12	-0.0048 (0.0119)	0.0002 (0.0122)	-104.2
Young Sex Index	0.0147 (0.0120)	0.0126 (0.0099)	-14.3	-0.0200 (0.0183)	-0.0164 (0.0183)	-18
Bachelor's Index	-0.0105 (0.0093)	-0.0002 (0.0098)	-98.1	0.0768*** (0.0173)	0.0687*** (0.0169)	-10.5
HS Non BA Index	-0.0186* (0.0108)	-0.0152 (0.0108)	-18.3	-0.0170* (0.0099)	-0.0180* (0.0102)	5.9
Military Index	-0.0026 (0.0106)	0.0022 (0.0108)	-184.6	-0.0162 (0.0124)	-0.0159 (0.0116)	-1.9
Neg Economic Index	0.0016 (0.0155)	0.0080 (0.0146)	400	0.0250 (0.0162)	0.0245 (0.0161)	-2
HH Net Worth (\$10k)	-0.0004 (0.0003)	-0.0002 (0.0003)	-50	0.0027*** (0.0007)	0.0026*** (0.0008)	-3.7
Family Shocks	0.0052 (0.0066)	0.0030 (0.0065)	-42.3	-0.0412*** (0.0089)	-0.0403*** (0.0089)	-2.2
Victim Shocks	0.0015 (0.0137)	-0.0002 (0.0125)	-113.3	-0.0153* (0.0089)	-0.0133 (0.0087)	-13.1
Academic Index	-0.1255*** (0.0112)	-0.0964*** (0.0098)	-23.2	0.1726*** (0.0114)	0.1557*** (0.0124)	-9.8
Past Risky Behavior	0.0520*** (0.0122)	0.0406*** (0.0115)	-21.9	-0.0432*** (0.0101)	-0.0383*** (0.0100)	-11.3
Beliefs	No	Yes		No	Yes	
Observations	1,501	1,501		1,501	1,501	
Number of state	41	41		41	41	
R^2	0.225	0.279		0.353	0.369	

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table A9: Reports coefficients from OLS regressions of outcomes on covariates. All regressions use robust standard errors. For each outcome, the first column does not include belief variables while the second column does. The third column reports the percentage change in coefficients after including beliefs. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

Table A10: How Beliefs Change Coefficients on Work Hours

VARIABLES	(1) Work 20+ hrs 2010	(2) Work 20+ hrs 2010	(3) %Change
Crime Index	-0.0115 (0.0124)	-0.0083 (0.0122)	-27.8
Young Sex Index	-0.0180 (0.0147)	-0.0181 (0.0155)	0.6
Bachelor's Index	-0.0082 (0.0172)	-0.0070 (0.0181)	-14.6
HS Non BA Index	0.0169 (0.0123)	0.0178 (0.0127)	5.3
Military Index	-0.0120 (0.0131)	-0.0123 (0.0134)	2.5
Neg Economic Index	-0.0295* (0.0172)	-0.0267 (0.0171)	-9.5
HH Net Worth (\$10k)	-0.0000 (0.0006)	0.0001 (0.0006)	-50
Family Shocks	-0.0275*** (0.0074)	-0.0266*** (0.0070)	-3.3
Victim Shocks	-0.0278* (0.0161)	-0.0270* (0.0157)	-2.9
Academic Index	0.0978*** (0.0120)	0.0927*** (0.0121)	-5.2
Past Risky Behavior	-0.0169 (0.0122)	-0.0140 (0.0127)	-17.2
Beliefs	No	Yes	
Observations	1,501	1,501	
Number of state	41	41	
R^2	0.102	0.110	

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A10: Reports coefficients from OLS regressions of outcomes on covariates. All regressions use robust standard errors. For each outcome, the first column does not include belief variables while the second column does. The third column reports the percentage change in coefficients after including beliefs. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

Table A11: How Beliefs Change Coefficients on Parenthood			
VARIABLES	(1) Parent by 20	(2) Parent by 20	(3) %Change
Crime Index	0.0264** (0.0127)	0.0233* (0.0131)	-11.7
Young Sex Index	0.0241** (0.0110)	0.0202* (0.0107)	-16.2
Bachelor's Index	-0.0314*** (0.0104)	-0.0250** (0.0108)	-20.4
HS Non BA Index	-0.0228* (0.0117)	-0.0214* (0.0117)	-6.1
Military Index	-0.0137 (0.0125)	-0.0123 (0.0123)	-10.2
Neg Economic Index	0.0234*** (0.0088)	0.0264*** (0.0096)	12.8
HH Net Worth (\$10k)	-0.0007** (0.0003)	-0.0006* (0.0003)	-14.3
Family Shocks	0.0039 (0.0068)	0.0029 (0.0065)	-25.6
Victim Shocks	-0.0072 (0.0139)	-0.0077 (0.0132)	6.9
Academic Index	-0.0272** (0.0116)	-0.0118 (0.0113)	-56.6
Past Risky Behavior	0.0705*** (0.0109)	0.0628*** (0.0118)	-10.9
Beliefs	No	Yes	
Observations	1,501	1,501	
Number of state	41	41	
R^2	0.175	0.189	

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A11: Reports coefficients from OLS regressions of outcomes on covariates. All regressions use robust standard errors. For each outcome, the first column does not include belief variables while the second column does. The third column reports the percentage change in coefficients after including beliefs. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

Table A12: How Beliefs Change Coefficients on Criminal Justice Outcomes

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	Incarcerated	Incarcerated	% Change	Arrested	Arrested	%Change
Crime Index	0.0252*** (0.0095)	0.0213** (0.0093)	-15.5	0.0107 (0.0167)	0.0025 (0.0170)	-76.6
Young Sex Index	0.0009 (0.0097)	-0.0001 (0.0094)	-111.1	-0.0016 (0.0137)	-0.0054 (0.0136)	237.5
Bachelor's Index	0.0023 (0.0102)	0.0009 (0.0098)	-60.9	0.0291 (0.0201)	0.0266 (0.0201)	-8.6
HS Non BA Index	0.0020 (0.0071)	0.0014 (0.0071)	-30	0.0085 (0.0122)	0.0075 (0.0122)	-11.8
Military Index	0.0024 (0.0110)	0.0020 (0.0111)	-16.7	0.0167 (0.0138)	0.0157 (0.0135)	-6
Neg Economic Index	0.0067 (0.0111)	0.0043 (0.0103)	-35.8	0.0273 (0.0184)	0.0236 (0.0178)	-13.6
HH Net Worth (\$10k)	0.0002 (0.0003)	0.0001 (0.0003)	-50	-0.0003 (0.0005)	-0.0004 (0.0005)	33.3
Family Shocks	0.0032 (0.0048)	0.0023 (0.0048)	-28.1	0.0177* (0.0106)	0.0166 (0.0108)	-6.2
Victim Shocks	0.0021 (0.0103)	0.0014 (0.0102)	-33.3	0.0386** (0.0151)	0.0368** (0.0152)	-4.7
Academic Index	-0.0339*** (0.0095)	-0.0328*** (0.0092)	-3.2	-0.0567*** (0.0130)	-0.0486*** (0.0121)	-14.3
Past Risky Behavior	0.0522*** (0.0073)	0.0460*** (0.0089)	-11.9	0.1130*** (0.0121)	0.1001*** (0.0133)	-11.4
Beliefs	No	Yes		No	Yes	
Observations	1,501	1,501		1,501	1,501	
Number of state	41	41		41	41	
R ²	0.127	0.141		0.190	0.203	

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A12: Reports coefficients from OLS regressions of outcomes on covariates. All regressions use robust standard errors. For each outcome, the first column does not include belief variables while the second column does. The third column reports the percentage change in coefficients after including beliefs. Regressions also control for whether pooled tract level outcomes were used, birth year, and racial/ethnic composition of county.

A.3 Belief Results Within Racial Ethnic Groups

Table A13: School Beliefs Regressed Separately by Race						
VARIABLES	White HS Grad by 20	Hispanic HS Grad by 20	Black HS Grad by 20	White Deg by 30	Hispanic Deg by 30	Black Deg by 30
Crime Index	-0.6888 (0.5889)	1.5739 (1.0857)	-0.3956 (0.9353)	-0.5069 (1.2346)	-1.6438 (1.1959)	-3.4493* (1.9339)
Young Sex Index	-0.0600 (0.5749)	0.3090 (1.3519)	0.1708 (1.4914)	-3.2235* (1.6622)	-0.5948 (2.6447)	0.9275 (1.8267)
Bachelor's Index	1.1576** (0.5174)	3.7731* (2.1703)	-0.7265 (1.4968)	3.9692*** (1.4643)	5.5740*** (2.1397)	4.4402** (1.9849)
HS Non BA Index	0.9986** (0.4364)	1.2535 (1.3427)	-1.6697** (0.7131)	-0.5924 (1.0865)	1.5110 (1.6410)	0.5398 (1.2023)
Military Index	0.0566 (0.5140)	3.6764*** (0.8911)	1.2329* (0.6771)	-1.1129 (1.3195)	-0.5772 (1.2433)	2.1831 (2.2962)
Economic Index	-1.3233 (1.2789)	-1.1132 (1.4180)	-1.7743* (0.9612)	-4.6967*** (1.8210)	1.9002 (1.9344)	-0.1526 (1.6199)
HH Net Worth (\$10k)	0.0247** (0.0097)	-0.0591 (0.1048)	0.0438 (0.0623)	0.0531 (0.0353)	0.1234 (0.2030)	0.0439 (0.1182)
Family Shocks	-0.4793** (0.2282)	-0.8524 (0.7947)	0.8307 (0.9502)	-0.1436 (0.7037)	-2.1593** (0.9122)	0.3559 (1.4321)
Victim Shocks	-0.2306 (0.6987)	-2.6543* (1.4725)	-0.2014 (0.9962)	-0.6644 (1.0629)	-1.2715 (1.6031)	-0.0999 (1.6898)
Academic Index	2.6356*** (0.6215)	5.2261*** (1.5963)	5.4347*** (1.5889)	10.6719*** (1.3258)	8.5638*** (1.7384)	9.5702*** (1.8459)
Past Risky Behavior	-1.0478 (0.6639)	-2.1140 (1.6266)	0.0936 (1.0324)	-2.3775* (1.1703)	-2.4904 (2.2787)	-1.1986 (2.0810)
Rural 1997	-0.5517 (1.5898)	-9.4542 (7.9816)	-9.5173*** (2.9336)	3.7970 (3.5485)	-11.3477** (5.3210)	-9.3413 (7.4550)
Urban 1997	-1.1983 (1.5068)	-7.7253* (4.6488)	-7.4181*** (2.7151)	5.3977 (3.7395)	-8.4415 (5.3681)	-3.8672 (7.2060)
Pct County Black 1990	0.0441 (0.0499)	-0.1126 (0.1471)	-0.0327 (0.0510)	0.3409*** (0.1040)	0.1722 (0.1250)	0.1322 (0.0939)
Pct County Hisp 1990	0.1324*** (0.0512)	-0.0605 (0.0500)	-0.2377 (0.1452)	0.1776* (0.1002)	0.1143* (0.0608)	0.1491 (0.2743)
Birth Year	1.1742 (0.7330)	3.6570** (1.7692)	0.9579 (2.1073)	1.3767 (1.8612)	3.7121 (2.9765)	7.3047*** (2.5815)
Female	0.3485 (1.1351)	1.0506 (2.6274)	-0.6349 (1.5038)	5.4739** (2.7216)	4.7151 (4.6808)	0.5446 (4.2310)
NBHD Pooled	-0.6017 (1.2021)	0.3638 (3.5018)	-0.6087 (5.0669)	-23.3179*** (2.3340)	-1.4050 (6.2494)	-12.0943 (10.2549)
Constant	96.0390*** (1.7100)	108.7839*** (6.5712)	103.8792*** (4.2984)	61.6796*** (5.0791)	85.5904*** (7.9865)	81.0131*** (9.8108)
Observations	808	316	390	808	316	390
Number of state	36	30	35	36	30	35
R ²	0.121	0.134	0.105	0.274	0.186	0.196

Robust standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Table A13: Reports coefficients from OLS regressions of beliefs on covariates performed separately by race. All regressions use robust standard errors.

VARIABLES	White NY Work 20+hrs if School	Hispanic NY Work 20+hrs if School	Black NY Work 20+hrs if School	White Work 20+hrs at 30	Hispanic Work 20+hrs at 30	Black Work 20+hrs at 30
Crime Index	0.5691 (1.7427)	1.4769 (1.2970)	3.1586* (1.8950)	-0.8293 (0.6168)	-1.1218 (1.1426)	0.2301 (1.2210)
Young Sex Index	4.2723*** (1.5346)	-4.0845* (2.2113)	4.1835* (2.4039)	0.8103 (0.9211)	-1.2293 (1.8043)	-0.6853 (1.3756)
Bachelor's Index	-3.9639** (1.6014)	-1.8307 (2.3510)	1.4910 (3.6966)	-0.1041 (0.5364)	0.7670 (1.7549)	2.2693 (1.8980)
HS Non BA Index	1.0665 (1.4134)	2.6739** (1.2949)	0.1907 (1.4308)	0.3993 (0.4556)	-1.1511 (1.0139)	-1.2769 (1.2040)
Military Index	1.6148 (1.3127)	1.1127 (2.1589)	1.8156 (2.1091)	-0.0044 (0.4897)	0.7247 (0.8158)	-0.5020 (0.7989)
Economic Index	3.1057 (2.0258)	1.7361 (2.0682)	1.2295 (2.0140)	0.0001 (0.8276)	-0.6586 (0.9118)	1.096 (1.2443)
HH Net Worth (\$10k)	-0.0750* (0.0455)	-0.1215 (0.1572)	-0.2709 (0.1992)	0.0159 (0.0113)	-0.0102 (0.0805)	-0.2150 (0.1443)
Family Shocks	1.0296 (0.6880)	3.6526* (1.8732)	-1.7736 (1.4832)	0.0919 (0.3118)	0.2759 (0.7060)	0.3696 (1.1299)
Victim Shocks	-1.3025 (1.1738)	1.5229 (2.1716)	1.3394 (1.5432)	-0.7410 (0.5661)	0.4956 (0.8960)	-0.2501 (0.7137)
Academic Index	-3.8252** (1.7638)	0.6299 (2.6694)	0.6506 (1.8008)	2.1599*** (0.6890)	5.7103*** (1.7232)	3.5609*** (1.3219)
Past Risky Behavior	3.4954*** (1.1814)	3.4450 (2.1362)	2.3629 (1.5198)	0.7309 (0.7880)	0.6809 (1.4355)	-0.9680 (1.2542)
Rural 1997	2.4617 (4.8208)	0.6386 (11.0052)	-5.4701 (8.8810)	1.2125 (2.7346)	-1.8329 (4.4302)	-7.2786 (5.0710)
Urban 1997	4.9085 (4.9834)	-6.2333 (7.6921)	0.7945 (10.1196)	0.8677 (2.6969)	-0.1490 (3.5358)	-4.2597 (4.4450)
Pct County Black 1990	-0.2779* (0.1682)	-0.4005** (0.1624)	-0.0463 (0.1209)	0.0106 (0.0523)	0.0053 (0.0800)	-0.0050 (0.0504)
Pct County Hisp 1990	0.2272** (0.0995)	-0.1179* (0.0607)	0.1713 (0.2078)	0.0314 (0.0423)	-0.0974* (0.0525)	0.0028 (0.1378)
Birth Year	-4.2808** (2.1333)	-1.9491 (2.9874)	-2.9483 (3.0724)	-1.4118 (0.8961)	1.7362 (1.3007)	0.4606 (1.7279)
Female	1.6051 (2.1228)	8.9931*** (2.2918)	6.1390 (4.8050)	0.2095 (0.7246)	1.5019 (2.9411)	-1.3867 (2.8278)
NBHD Pooled	-0.4570 (2.6459)	-5.5126 (5.1846)	-9.3820 (6.3136)	-1.9581 (1.3140)	-0.7637 (2.9152)	-5.0682 (5.0225)
Constant	58.8845*** (5.3050)	63.3610*** (8.8584)	61.9331*** (10.6864)	93.3648*** (2.8519)	93.2858*** (6.7006)	103.1533*** (7.2318)
Observations	808	316	390	808	316	390
Number of state	36	30	35	36	30	35
R ²	0.130	0.0922	0.0786	0.0353	0.130	0.0799

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table A14: Reports coefficients from OLS regressions of beliefs on covariates performed separately by race. All regressions use robust standard errors.

Table A15:Early Parenthood Beliefs Regressed Separately by Race			
VARIABLES	White Parent by 20	Hispanic Parent by 20	Black Parent by 20
Crime Index	2.1996* (1.2150)	-0.6631 (1.1032)	2.7637* (1.5938)
Young Sex Index	2.0847* (1.1677)	4.0977** (1.7116)	1.9025* (1.0966)
Bachelor's Index	-0.2253 (1.0690)	-3.3289* (1.8462)	1.3761 (1.8831)
HS Non BA Index	0.6505 (1.0174)	-0.0385 (1.7220)	-0.8277 (1.2478)
Military Index	1.1769 (0.7511)	-0.9202 (1.5600)	-1.0842 (1.3410)
Economic Index	0.366 (1.6338)	2.0747 (1.8042)	-0.0553 (1.7472)
HH Net Worth (\$10k)	-0.0128 (0.0292)	0.0846 (0.1274)	0.0589 (0.1069)
Family Shocks	0.4340 (0.5626)	0.0226 (0.8325)	0.7455 (1.2362)
Victim Shocks	-0.4384 (1.2494)	0.0752 (2.1254)	0.8655 (1.5975)
Academic Index	-3.3466*** (0.8766)	-4.3393*** (1.5209)	-5.1335*** (1.4500)
Past Risky Behavior	4.1356*** (1.0388)	6.1849*** (1.1999)	5.5189*** (1.7916)
Rural 1997	2.4399 (2.9389)	12.3052** (5.1099)	14.8074* (7.7773)
Urban 1997	-0.4091 (2.8993)	6.1122 (3.9183)	10.7904 (7.1135)
Pct County Black 1990	-0.0610 (0.0820)	-0.0085 (0.1236)	-0.0505 (0.1057)
Pct County Hisp 1990	-0.0354 (0.0727)	-0.0157 (0.0609)	-0.1124 (0.1775)
Birth Year	2.0135 (1.5542)	-0.7670 (3.0430)	-1.4929 (2.2210)
Female	2.7706 (2.8538)	-4.2094* (2.2235)	-3.2496 (4.1134)
NBHD Pooled	10.4796*** (2.2220)	-5.2276 (4.2236)	8.3758 (5.7380)
Constant	10.8800*** (3.5297)	8.4283 (7.0909)	-2.1530 (10.3823)
Observations	808	316	390
Number of state	36	30	35
R ²	0.132	0.163	0.168

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A15: Reports coefficients from OLS regressions of beliefs on covariates performed separately by race. All regressions use robust standard errors.

Table A16:Criminal Justice Beliefs Regressed Separately by Race

VARIABLES	White Arrested if Stole Car	Hispanic Arrested if Stole Car	Black Arrested if Stole Car	White Jailed at 20	Hispanic Jailed at 20	Black Jailed at 20
Crime Index	-1.5452 (1.5236)	1.3060 (2.4251)	1.0468 (2.1800)	0.2471 (0.4413)	1.9312*** (0.5578)	0.4499 (0.6195)
Young Sex Index	1.1269 (1.8174)	1.7441 (3.6091)	0.0101 (3.5134)	1.1940** (0.5394)	-1.2900 (1.1397)	0.8368 (0.5472)
Bachelor's Index	-0.1725 (1.9255)	4.2106 (5.0775)	0.4857 (3.9687)	1.0298 (0.6610)	-0.2679 (0.7025)	2.2178** (1.0047)
HS Non BA Index	-0.7913 (1.8283)	7.7261*** (2.3048)	0.4720 (2.3945)	0.0120 (0.4920)	1.4799 (1.0537)	-0.7656 (0.6912)
Military Index	-0.6164 (1.2295)	-0.5774 (1.8557)	-3.4690 (3.1263)	0.2381 (0.4151)	0.3087 (0.7608)	-0.3533 (0.6310)
Neg Economic Index	-1.7532 (2.6816)	-3.8788** (1.5828)	-3.1887 (2.3982)	-0.5545 (0.8093)	-0.4487 (0.7221)	-0.4711 (0.7029)
HH Net Worth (\$10k)	0.0294 (0.0609)	0.3680* (0.1902)	-0.2687 (0.2299)	0.0108 (0.0146)	0.0764 (0.0946)	0.0654 (0.0557)
Family Shocks	-0.2370 (0.9227)	2.0596 (1.5888)	1.8875 (2.5488)	0.2665 (0.2896)	0.7332* (0.4298)	0.0225 (0.4803)
Victim Shocks	-0.8704 (1.8716)	0.6348 (1.2407)	-2.0990 (1.9598)	0.0957 (0.5176)	0.9829 (1.0268)	1.2003** (0.4763)
Academic Index	-0.0162 (1.9940)	7.0958** (2.8190)	8.7974*** (2.1795)	-1.1823** (0.5872)	-3.3983*** (0.9533)	-2.6046*** (0.5557)
Past Risky Behavior	-2.3148 (1.7442)	-6.5767*** (1.8520)	-1.2584 (2.2149)	1.8085*** (0.5703)	1.3189 (1.3525)	0.2382 (0.6963)
Rural 1997	9.8838 (6.7291)	-19.0284** (8.1746)	-36.3001*** (8.3218)	-0.5194 (2.0310)	7.0614 (5.5248)	6.5908*** (1.6709)
Urban 1997	11.5691* (5.9907)	-19.2230** (8.5556)	-48.2776*** (7.9763)	-0.8004 (2.0589)	3.4978 (3.7229)	5.9975*** (1.6136)
Pct County Black 1990	-0.3013*** (0.1133)	-0.5806*** (0.2177)	-0.0443 (0.1033)	-0.0441 (0.0371)	-0.0000 (0.0641)	-0.0927*** (0.0306)
Pct County Hisp 1990	0.1030 (0.1087)	-0.3552*** (0.1181)	0.4624** (0.2285)	0.0323 (0.0289)	0.0579 (0.0580)	0.1314 (0.1282)
Birth Year	3.0826 (2.4652)	-3.4010 (4.4085)	5.5942 (4.0377)	-0.6450 (0.5872)	2.1274 (1.8525)	0.6765 (1.3989)
Female	2.7512 (2.7712)	-3.0500 (3.8514)	-12.3543* (6.5735)	-2.5342** (1.0340)	-2.5498** (1.1349)	-4.0272** (1.6335)
NBHD Pooled	3.9987 (4.6348)	-9.3521 (8.3481)	-3.5013 (9.2814)	-0.8830 (0.7875)	-1.1988 (2.6554)	-2.8660 (1.9919)
Constant	54.4009*** (6.9283)	96.5102*** (11.9187)	103.9618*** (12.1048)	5.3257*** (1.9311)	-3.4205 (4.3826)	-0.7251 (2.8411)
Observations	808	316	390	808	316	390
Number of state	36	30	35	36	30	35
R ²	0.0260	0.143	0.0997	0.103	0.125	0.120

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A16: Reports coefficients from OLS regressions of beliefs on covariates performed separately by race. All regressions use robust standard errors.

Table A17:Mortality Beliefs Regressed Separately by Race			
VARIABLES	White Die by 20	Hispanic Die by 20	Black Die by 20
Crime Index	2.2434** (1.0982)	3.3274** (1.3951)	2.1793 (1.8947)
Young Sex Index	3.9159*** (1.1956)	-0.2840 (1.4372)	0.4225 (1.5439)
Bachelor's Index	1.8375** (0.8935)	-0.0007 (1.5768)	1.6518 (1.9729)
HS Non BA Index	1.7614** (0.8587)	1.9742 (1.8074)	-0.2168 (1.4608)
Military Index	1.3600** (0.6649)	0.3881 (0.9880)	-2.9509** (1.3456)
Economic Index	0.4149 (1.6319)	-1.223 (1.2523)	-3.0012* (1.6122)
HH Net Worth (\$10k)	-0.0433 (0.0385)	0.1561 (0.1681)	0.0955 (0.0950)
Family Shocks	0.5395 (0.5325)	0.3161 (0.8203)	0.6227 (0.9024)
Victim Shocks	1.6485 (1.1161)	1.9923 (1.2260)	3.9937*** (1.0278)
Academic Index	-1.5666* (0.8915)	0.5322 (0.8489)	0.9278 (1.3566)
Past Risky Behavior	-0.6901 (0.6478)	1.5646 (0.9835)	0.8601 (1.3878)
Rural 1997	-4.8520 (3.0778)	15.3238** (6.9794)	14.0434* (7.6923)
Urban 1997	-4.4152 (3.0230)	12.5800** (5.1591)	10.3137 (7.4022)
Pct County Black 1990	-0.1231* (0.0654)	0.1700 (0.1331)	-0.1041 (0.1036)
Pct County Hisp 1990	-0.0083 (0.0439)	0.0456 (0.0613)	-0.1970 (0.1277)
Birth Year	0.6566 (1.4813)	2.9067* (1.6721)	2.1435 (2.3709)
Female	3.7191** (1.8885)	5.7705** (2.5653)	-4.1397 (3.0465)
NBHD Pooled	-3.3109 (2.3514)	-4.1001 (3.9796)	3.0539 (6.1885)
Constant	23.1923*** (3.2810)	-3.6842 (6.2987)	7.9839 (9.2957)
Observations	808	316	390
Number of state	36	30	35
R^2	0.0906	0.0732	0.0822

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A17: Reports coefficients from OLS regressions of beliefs on covariates performed separately by race. All regressions use robust standard errors.

A.4 Beliefs Relation to Opposite Race Same Gender Tract

Table A18: School Beliefs Regressed on Opposite Race Outcomes

VARIABLES	Pooled HS Grad by 20	White HS Grad by 20	Non White HS Grad by 20	Pooled Deg by 30	White Deg by 30	Non White Deg by 30
Opposite: HS Grad	0.0080 (0.8397)	-0.0631 (1.1009)	-0.1809 (1.1898)	1.3562 (1.9400)	2.0479 (2.2850)	2.4729 (2.8386)
Opposite: Some College	-0.0781 (0.7554)	-0.2381 (0.9493)	0.0720 (0.9029)	0.5170 (1.3498)	3.9405** (1.7797)	-1.0334 (2.2636)
Opposite: Bach More	-0.8993 (0.7119)	-2.5128* (1.3387)	-0.8028 (0.9068)	-0.5187 (1.1194)	-1.8738 (1.8686)	-0.2297 (1.4604)
Opposite: Military	0.5109 (0.3710)	0.6547 (0.4819)	0.4835 (0.5898)	-0.0085 (1.2886)	-2.4846 (2.1157)	1.6926 (1.6687)
Opposite: Med Earnings	0.0000 (0.0000)	0.0000 (0.0000)	0.0000 (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)	0.0000 (0.0000)
Opposite: UE Rate	0.0160* (0.0095)	0.0119 (0.0118)	0.0344* (0.0179)	0.0009 (0.0191)	0.0184 (0.0210)	-0.0003 (0.0260)
Academic Ability	0.4408*** (0.0940)	0.4389** (0.1792)	0.4077*** (0.1009)	0.8994*** (0.1457)	0.7729*** (0.2396)	0.9075*** (0.1699)
Past Risky Behavior	-0.0074 (0.0926)	0.1401 (0.1523)	-0.0522 (0.1047)	-0.1166 (0.1097)	-0.3488 (0.2517)	-0.0633 (0.1191)
Female	0.2259 (0.1541)	0.4551 (0.3177)	0.2224 (0.2476)	0.3867 (0.3802)	0.6124 (0.6865)	0.7033 (0.5519)
Hispanic	-0.0101 (0.1684)		-1.2681** (0.6017)	0.4217 (0.2979)		-0.5980 (0.8052)
Black	0.2089 (0.1420)		-1.2889** (0.6020)	1.0481*** (0.3072)		0.0026 (0.9239)
Tract: Pooled Data	0.0627 (0.2062)	-0.0039 (0.2905)	-0.0713 (0.2321)	0.1738 (0.4295)	-2.7895*** (0.5918)	0.1075 (0.5905)
Constant	7.3563*** (0.7087)	7.0973*** (1.0973)	8.8408*** (1.0994)	3.2470** (1.5254)	3.1559* (1.8951)	3.7490 (2.4314)
Observations	730	196	534	730	196	534
Number of States	36	27	36	36	27	36
R ²	0.132	0.249	0.140	0.237	0.439	0.219

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A18: Reports coefficients from OLS regressions of beliefs. Instead of tract outcomes for adults of same race, same gender, white adults of same gender is used for Black and Hispanic respondents, while black or hispanic outcomes are used for white respondents. Independent Variables include demographics, parental wealth and outcomes, peer attributes, county attributes, state fixed effects and adverse shocks. All standard errors are robust standard errors.

Table A19: Work Beliefs Regressed on Opposite Race Outcomes

VARIABLES	Pooled Work 20+hrs NY if School	White Work 20+hrs NY if School	Non White Work 20+hrs NY if School	Pooled Work 20+hrs at 30	White Work 20+hrs at 30	Non White Work 20+hrs at 30
Opposite: HS Grad	-8.0894 (16.1829)	-20.3181 (21.3716)	2.0241 (18.8877)	-0.8834 (1.1063)	-1.3440 (1.5406)	-0.6541 (1.5414)
Opposite: Some College	4.3322 (19.2873)	10.4616 (28.5946)	2.1053 (24.6003)	-1.3173* (0.7730)	-1.2102 (1.1493)	-1.6672 (1.1661)
Opposite: Bach More	-14.3593 (15.7441)	-46.8199* (26.7024)	-2.3774 (16.3062)	-1.1965 (0.8710)	-3.0479* (1.7085)	-0.6284 (1.1233)
Opposite: Military	5.3947 (12.4020)	10.0045 (17.9479)	-4.6858 (18.2905)	0.3921 (0.6450)	0.6901 (0.8384)	0.5592 (0.7089)
Opposite: Med Earnings	0.0002 (0.0002)	0.0001 (0.0003)	0.0002 (0.0002)	0.0000* (0.0000)	-0.0000 (0.0000)	0.0000** (0.0000)
Opposite: UE Rate	-0.1323 (0.2236)	-0.3051 (0.2420)	-0.0754 (0.2196)	0.0178** (0.0078)	-0.0072 (0.0113)	0.0303*** (0.0085)
Academic Ability	-0.0594 (1.4404)	-1.4422 (2.2898)	0.1335 (1.8431)	0.3552*** (0.0952)	0.3884** (0.1636)	0.3507*** (0.1046)
Past Risky Behavior	3.6955*** (1.2654)	5.3730*** (1.9563)	2.5534* (1.4645)	0.0433 (0.1127)	0.3058 (0.1887)	-0.0434 (0.1321)
Female	4.3185 (3.0569)	2.0103 (7.7035)	3.9281 (3.9932)	0.1401 (0.2853)	0.0499 (0.3200)	0.2558 (0.3540)
Hispanic	-0.3394 (3.9566)		-12.0190 (8.0842)	0.0104 (0.2131)		-0.9470 (0.5839)
Black	-1.6476 (3.7110)		-15.0970** (7.0985)	-0.0810 (0.1943)		-1.0059* (0.5670)
Tract: Pooled Data	-5.6958 (4.2997)	-19.5866*** (7.2691)	-8.7172* (4.7341)	0.0655 (0.2330)	-0.0120 (0.5518)	-0.0345 (0.2995)
Constant	63.7984*** (14.4169)	105.8662*** (22.4191)	65.9412*** (19.5551)	9.5938*** (0.9487)	11.4881*** (1.1794)	9.6569*** (1.2530)
Observations	730	196	534	730	196	534
Number of States	36	27	36	36	27	36
R ²	0.0973	0.336	0.0689	0.0884	0.184	0.118

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A19: Reports coefficients from OLS regressions of beliefs. Instead of using neighborhood outcomes of adults of the same race and gender, for non-white(Black and Hispanic) respondents white adults of same gender is used, while for white respondents black or Hispanic adults of the same gender is used. Other independent variables include, academic ability measure, risky behavior, demographics, parental wealth and outcomes, peer attributes, county attributes, state fixed effects and adverse shocks. All standard errors are robust standard errors.

Table A20: Parenthood Beliefs Regressed on Opposite Race Outcomes			
VARIABLES	Pooled Parent by 20	White Parent by 20	Non White Parent by 20
Opposite: HS Grad	1.0452 (1.2501)	3.7542 (2.5300)	0.6574 (1.8864)
Opposite: Some College	1.2913 (1.0030)	3.6835** (1.6052)	0.6390 (1.4029)
Opposite: Bach More	2.3012** (1.0520)	4.5669** (2.2599)	2.1449* (1.1495)
Opposite: Military	-0.1226 (0.6122)	0.4086 (0.9155)	-1.0511 (0.9580)
Opposite: Med Earnings	-0.0000 (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)
Opposite: UE Rate	0.0019 (0.0115)	0.0209 (0.0206)	-0.0045 (0.0178)
Academic Ability	-0.3570*** (0.0849)	-0.0625 (0.2303)	-0.4501*** (0.1189)
Past Risky Behavior	0.4959*** (0.1166)	0.0791 (0.2242)	0.6127*** (0.1411)
Female	-0.3372 (0.2822)	-0.2317 (0.3952)	-0.6975 (0.4264)
Hispanic	0.0931 (0.3033)		0.3732 (0.8356)
Black	-0.5486 (0.3607)		-0.3054 (0.8033)
Tract: Pooled Data	0.0099 (0.3590)	0.2820 (0.3996)	-0.0309 (0.3555)
Constant	0.4126 (1.3543)	-0.7708 (2.1770)	0.8763 (1.9410)
Observations	730	196	534
Number of States	36	27	36
R^2	0.165	0.189	0.182

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A20: Reports coefficients from OLS regressions of beliefs. Instead of using neighborhood outcomes of adults of the same race and gender, for non-white(Black and Hispanic) respondents white adults of same gender is used, while for white respondents black or Hispanic adults of the same gender is used. Other independent variables include, academic ability measure, risky behavior, demographics, parental wealth and outcomes, peer attributes, county attributes, state fixed effects and adverse shocks. All standard errors are robust standard errors.

Table A21: Criminal Justice Beliefs Regressed on Opposite Race Outcomes

VARIABLES	Pooled Arrested if Stole Car	White Arrested if Stole Car	Non White Arrested if Stole Car	Pooled Jailed by 20	White Jailed by 20	Non White Jailed by 20
Opposite: HS Grad	2.3644 (3.0545)	4.9883 (4.6852)	0.3013 (3.3105)	-2.1020 (5.5643)	-6.9981 (7.0607)	3.3109 (5.9768)
Opposite: Some College	2.0570 (2.1330)	4.5460* (2.7294)	-0.1366 (2.3826)	6.6657 (4.9257)	1.1598 (7.9906)	10.1220** (4.7729)
Opposite: Bach More	-0.1741 (2.7640)	3.4897 (4.4213)	-2.3859 (2.9289)	-0.0176 (5.2664)	-8.1064 (12.5815)	5.8308 (5.6626)
Opposite: Military	0.2166 (1.6364)	2.3933 (2.3845)	-0.6919 (1.9054)	-3.3334 (3.2349)	5.0603 (5.2629)	-8.0283 (5.8267)
Opposite: Med Earnings	-0.0000 (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)	-0.0001 (0.0001)	0.0001 (0.0001)	-0.0002 (0.0001)
Opposite: UE Rate	-0.0163 (0.0205)	-0.0093 (0.0279)	-0.0206 (0.0262)	-0.0687 (0.0583)	-0.0456 (0.0960)	-0.1072* (0.0624)
Academic Ability	0.4997** (0.2055)	-0.2758 (0.4164)	0.8271*** (0.2059)	-1.5873*** (0.4481)	0.0095 (0.8640)	-2.3113*** (0.6227)
Past Risky Behavior	-0.2327 (0.2410)	0.2686 (0.2832)	-0.3388 (0.2788)	0.6271 (0.4166)	-0.5777 (0.8613)	1.0526** (0.4954)
Female	-0.6216 (0.6349)	0.7235 (1.0749)	-1.0901 (0.9251)	-3.7549*** (1.1082)	-2.1286 (1.5550)	-4.5776** (1.7839)
Hispanic	0.0669 (0.5975)		1.4396 (1.4084)	1.6694 (1.1999)		2.1175 (2.4529)
Black	-0.2986 (0.4395)		1.2933 (1.4768)	-1.1776 (1.5011)		-0.5052 (3.2892)
Tract: Pooled Data	-0.5958 (0.5965)	1.7608** (0.7263)	-0.3385 (0.6196)	-1.6203 (1.2479)	-7.3050** (3.3254)	-2.2964* (1.2041)
Constant	10.7054*** (2.4250)	3.8051 (2.9608)	12.3792*** (2.7620)	-1.3785 (4.7219)	-4.7749 (8.2281)	-1.9846 (5.8529)
Observations	730	196	534	730	196	534
Number of States	36	27	36	36	27	36
R ²	0.1000	0.169	0.122	0.0993	0.176	0.139

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A21: Reports coefficients from OLS regressions of beliefs. Instead of using neighborhood outcomes of adults of the same race and gender, for non-white(Black and Hispanic) respondents white adults of same gender is used, while for white respondents black or Hispanic adults of the same gender is used. Other independent variables include, academic ability measure, risky behavior, demographics, parental wealth and outcomes, peer attributes, county attributes, state fixed effects and adverse shocks. All standard errors are robust standard errors.

Table A22: Mortality Beliefs Regressed on Opposite Race Outcomes			
VARIABLES	Pooled Die by 20	White Die by 20	Non White Die by 20
Opposite: Pct HS Grad	0.2690 (0.7673)	-0.8846 (2.0220)	0.7960 (0.9909)
Opposite: Pct Some College	1.8533* (1.0025)	0.1222 (2.0907)	3.1016*** (0.9012)
Opposite: Pct Bach More	0.3753 (0.7625)	1.2695 (1.9325)	0.7834 (0.8633)
Opposite: Pct Military	-1.7720* (1.0019)	0.1825 (1.4739)	-3.6773*** (0.8983)
Opposite: Median Earnings	-0.0000 (0.0000)	0.0000 (0.0000)	-0.0000** (0.0000)
Opposite: UE Rate	0.0113 (0.0180)	-0.0069 (0.0209)	0.0219 (0.0201)
Academic Ability	0.0479 (0.0950)	0.3400 (0.2269)	-0.0653 (0.0887)
Past Risky Behavior	0.0187 (0.0600)	-0.2265* (0.1231)	0.1091 (0.0851)
Female	-0.3604 (0.2868)	-0.2123 (0.6214)	-0.8032*** (0.2779)
Hispanic	0.0333 (0.2492)		-1.1594*** (0.3814)
Black	-0.0477 (0.2206)		-1.4082*** (0.3324)
Tract: Pooled Data	-0.0336 (0.2288)	-1.3288** (0.5247)	-0.2053 (0.2573)
Constant	-0.6936 (1.3352)	1.1199 (1.8864)	0.4483 (1.4286)
Observations	730	196	534
Number of States	36	27	36
R^2	0.0811	0.166	0.111

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A22: Reports coefficients from OLS regressions of beliefs. Instead of using neighborhood outcomes of adults of the same race and gender, for non-white(Black and Hispanic) respondents white adults of same gender is used, while for white respondents black or Hispanic adults of the same gender is used. Other independent variables include, academic ability measure, risky behavior, demographics, parental wealth and outcomes, peer attributes, county attributes, state fixed effects and adverse shocks. All standard errors are robust standard errors.