

Yale *Tobin Center* *for Economic Policy*

April 3, 2023

FACT SHEET: On April 3, 2023, U.S. Treasury Secretary Janet Yellen spent her day with the Tobin Center for Economic Policy to discuss modern supply side economics, which aims to expand economic opportunity and boost the nation’s productive capacity. To mark this occasion, we announce new partnerships and initiatives advancing sustainable growth, support for working families, enhanced government capacity, and resilient supply chains.

Modern supply side economics aims, in the Secretary’s words, “to boost economic growth by increasing labor supply, raising productivity, and reducing inequality and environmental damage.” Aspects of this economic framework have won enthusiasm across the political spectrum and underpin the administration’s biggest legislative victories.

Today, the Tobin Center is announcing a number of new actions that connect to the core themes of modern supply side economics. To carry out this important new work, we are partnering with the State of Connecticut, New Haven Public Schools, the City of New Haven, University of Nebraska’s Buffett Early Childhood Institute, and Georgetown University’s Massive Data Institute, McCourt School of Public Policy, and Beek Center.

Investments in early care and education

Under Secretary Yellen, the [Treasury Department released a landmark report](#) calling childcare “*a crucial and underfunded part of the American economy.*” The report identifies key constraints, including low wages and high turnover across the US childcare workforce; how difficult it is for parents to navigate the fragmented US childcare system; and the need for greater empirical research on the nature and scale of childcare’s role in supporting parents' ability to work. To address these issues, we're making the following commitments:

- **The State of Connecticut, New Haven Public Schools (NHPS), and the Tobin Center will produce a first-of-kind study on the connection between childcare access and parental workforce participation.** This will be part of a broader, multi-generational, multi-jurisdictional study to provide causal evidence on how access to free public pre-Kindergarten (pre-K) affects near-term and long-term outcomes for kids and their parents. The research will link the results of 20 years of school choice assignment lotteries data with state data on educational and labor market outcomes for parents and kids. It will also include a survey tracking how parents’ careers have evolved since their child’s participation in the choice lottery. Often called for in policy and research circles,

but hard to accomplish given complexities of long-term research, the results will provide comprehensive evidence on the costs and benefits of public pre-K programming.

- **A multidisciplinary team at Yale¹ and the [Buffett Early Childhood Institute](#) at the University of Nebraska will focus its large-scale survey of the American childcare workforce on key economic and workforce retention variables.** Secretary Yellen has noted that childcare’s contribution to economic growth is “as essential as infrastructure or energy.”² Listening to the voices of childcare providers will yield essential insights on how to best attract, support, and retain this workforce, on which tens of millions of American working parents rely. Earlier versions of the survey deployed by the same academic team emphasized the COVID-19 response, and has been [credited with helping to sustain US childcare supply](#) during the pandemic, informing the way childcare is safely delivered for millions of children. At more than 125,000 participants, this is the largest ever occupational survey of the American childcare workforce. We will now redeploy the survey with an emphasis on the needs, challenges, and financial conditions faced by childcare workers, enabling a richer understanding of this essential workforce to inform policymakers.
- **New Haven Public Schools (NHPS), with support of the Tobin Center faculty, have launched NHPS Explorer, a platform that parents can use to learn more about schools.** As the largest provider of pre-K in the city, NHPS has taken the novel, parent-friendly step of extending the platform to include pre-K as well as K-12 schools. The NHPS Explorer is a dashboard that provides information and feedback such as admission chances, proximity, routes, program characteristics, and parent / teacher testimonials. The objective is to simplify the search process to reduce parental burden and enhance program quality. Strong evidence from Tobin Center faculty and others shows that such one-stop services help parents get the education options that they prefer for their children. Already a valuable service in its inaugural phase, the NHPS & Tobin-supported team continue to work to improve service and transparency to help families find good pre-k options for their kids.

Partnership to guide the efficient delivery of Medicaid services

Thirty percent of Connecticut residents use Medicaid as their health insurance, at a cost of \$9.3 billion in 2021. Despite being one of the highest performing Medicaid programs in the country, there remain opportunities for Connecticut to more effectively generate and use rigorous evidence to guide the efficient delivery of services for recipients.

¹ Team includes Tobin Center as economics partner, Yale Institute for Global Health, and faculty in Yale’s Schools of Medicine and Public Health

² Remarks by Secretary of the Treasury Janet L. Yellen on Shortages in the Child Care System, 9/15/21.

- **The Tobin Center and Connecticut Medicaid are forming a new public-private partnership to identify long-run sources of cost-growth, evaluate best-practices, and optimize solutions for Connecticut residents.** Together, they will create a rapid-cycle learning unit within the Medicaid program, using cutting-edge techniques and approaches to continually improve recipient outcomes and the administration of Medicaid. Faculty will engage and support state Medicaid programs and leaders' current efforts including: using administrative data and resources to accomplish key program priorities like streamlined enrollment and renewal; investigating how Medicaid interacts with other state programs (e.g., education, nutrition assistance, and workforce programs); and more efficiently deploying resources in ways that save the state money.

Data and evidence for better, more effective policy

The Secretary has noted the importance of working across traditional agency domains to understand the full impact of policies on people and families. She has called out the value of data sharing across agencies and levels of government to generate policy insights that make a difference in people's lives.³

The research and data analytics capacity of universities can help generate valuable policy insights, which enable governments to better serve residents, families, and communities, to more efficiently engage with business, and to better protect our environment. Together with its state government and university partners, Tobin is launching three evidence-based policy initiatives.

- **The Tobin Center will collaborate with Connecticut's State Government to advance and support its [nationally recognized data strategy](#) to develop effective partnerships with researchers and higher education.** The Tobin Center will help assess practices from peer states for practical lessons, and identify actionable projects where data efforts can deliver near-term value. Tobin Center will also support the state's efforts to engage with Connecticut's higher education institutions to identify ways that state agencies can leverage universities' substantial research and analytic capacities.
- **Georgetown University's McCourt School of Public Policy and [Massive Data Institute](#) are partnering with the Tobin Center on an initiative to identify and scale new ways to securely unlock the potential of earnings data.** Through this collaboration, the Tobin Center and partners will advance secure methods to drive new policy insights and to provide actionable data to achieve measurably better results for families and communities.

³ Remarks by Secretary of the Treasury Janet L. Yellen at National Association of Counties 2023 Legislative Conference, 2/13/23.

- **Georgetown University’s [Beeck Center for Social Impact + Innovation](#) and the [National Governors Association](#) have selected Connecticut and five other states to participate in their Data Labs program.** Connecticut and the Data Lab cohort will embark on a nine-month program that offers hands-on support from Beeck Center experts to help develop a thoughtfully-designed data project intended to improve government services and the lives of residents. Connecticut's Data Labs team will focus on leveraging state data to increase access to career opportunities for its residents. After the program ends, the Tobin Center will work with Connecticut to continue implementing the program's learnings and best practices.

Advanced analytics to enhance clean energy supply

The Secretary has described the Administration’s largest policy wins as cornerstone examples of Modern Supply Side strategies, and emphasizes their role in addressing climate change by making historic investments in key emitting sectors.⁴

While the federal government has recently made a generational investment to reduce emissions, the effectiveness of that investment now depends on successful implementation by states. While Connecticut is already a national leader in clean energy, it will need to invest in additional sources of clean energy, while also enhancing the capacity of aging infrastructure.

- **Tobin Center and Yale economists announce a new initiative to further Connecticut’s ambitious efforts to reduce the state’s greenhouse gas emissions.** Connecticut, as all states, faces complex analytical challenges around accomplishing these tasks and the preparation of our electric grid for new demands the federal government is catalyzing. The Tobin Center's technical experts will assist the state to optimize its electric grid effectively, equitably, and affordably. By working with a leading state with ambitious targets, we will advance essential research and policy insights on this national (and global) challenge.

Thought leadership to advance the economic measurement of public goods

Modern supply side economics promotes strategies to spur growth and reduce environmental damage. This complements the federal government’s recently announced strategy to develop natural capital accounts and environmental-economic statistics. These investments will help government leaders make economic decisions that provide sustainable growth and economic prosperity.

- **On the 50th anniversary of a seminal paper by Nobel Laureates Bill Nordhaus and James Tobin, the Tobin Center will convene accountants and economists to define the next frontier for the economic measurement of public goods.** Fifty years ago, Bill

⁴ Remarks by Secretary of the Treasury Janet L. Yellen at Ultium Cells in Spring Hills, Tennessee, 2/8/23.

Nordhaus and James Tobin launched research programs and policy actions to improve national accounting in order to avoid the “serious consequences of treating as free things which are not really free...this practice gives the wrong signals of the direction of economic growth.” This convening will take stock of the progress made, and build the bridges to support the work ahead, at a time when the economic measurement of public goods has real consequences for the future trajectory of our climate and environmental health.

Actions to strengthen US supply chains

The pandemic revealed fragilities in US supply chains, which prevented American families and businesses from accessing critical goods. Businesses and policymakers lacked access to detailed and real time data on supply chain disruptions, making it difficult to predict, plan for, and adapt to disruptions as they happened. Moreover, companies have lacked the ability to share information and knowledge about best practices and innovations on supply chain efficiency, which has contributed to systemic US and global supply chain fragility. The Tobin Center is taking action to support faculty in novel efforts to predict, avoid, and manage supply chain disruptions.

- **The Tobin Center is supporting a large-scale initiative of Professor Aleh Tsyvinski on US Supply Chain disruptions.** Professor Tsyvinski’s team developed a platform that offers near real-time information on supply chain disruptions across a range of products, industries, and localities and will provide rich, first-of-kind insights that are actionable for both the private sector and policymakers. The goal is to enhance the accessibility of comprehensive, real-time information, which in turn will strengthen the resilience of US supply chains.
- **The Tobin Center will support economists at Yale, the London School of Economics, and the Massachusetts Institute of Technology to identify management practices that make supply chains more efficient and resilient.** Deploying a new survey of supply chain leaders, the team will analyze and quantify key dimensions of the supply chain: from sourcing, manufacturing and logistics to resilience, customs, and digitization. The Tobin-supported effort, *The Supply Chain Research Alliance*, will measure practices that improve resilience to challenges such as: climate change, pandemics, trade disruptions, e-commerce, and sustainability. The effort will also quantify implications for companies’ bottom line. The ultimate aim is to understand what a strong supply chain team looks like so that best practices can be quantified and leveraged to improve the resilience of the global and US economy.