

Are Political Elites Out of Touch?
Experimental Evidence From
State Legislative Candidates

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Abstract

Politicians frequently disregard the interests of low-income Americans when making policy decisions. I argue that this tendency is partially caused by politicians' isolation among the rich. I test this theory with experiments embedded in an original survey of 1,224 state legislative candidates from 44 states. In a first experiment, I show that politicians extrapolate from their privileged social networks to form perceptions of broader social conditions, causing them to underestimate how many of those they seek to govern are struggling financially. In a second experiment, I correct politicians' misperceptions, and find that this causes an increase in their support for social welfare programs that provide struggling families with financial assistance and healthcare. The results are driven by Republicans, who are more likely than Democrats to have privileged social networks, underestimate financial hardship among those they seek to govern, and increase their support for welfare programs when I correct their misperceptions.

Policymakers in the United States frequently ignore the needs of low-income Americans when making policy decisions (e.g., Bartels 2008; Gilens 2012; Rigby and Wright 2013). This tendency is detrimental to the lives of low-income Americans (Campbell 2014), and has been argued to be contrary to the principles of democracy (Page and Gilens 2017). Yet we have little direct evidence of what causes politicians to disregard the needs of the poor.

I explore the origins of this tendency in the context of social welfare policy. Americans' financial lives are becoming increasingly precarious (Hacker 2019). As of 2018, 4-in-10 American adults do not have enough money to cover a \$400 emergency expense (Federal Reserve 2018). This financial insecurity and the anxiety it causes have been implicated in a number of dangerous social trends, including rising suicide rates and the opioid epidemic (Case and Deaton 2015). Yet politicians have been slow to respond. In the face of rising insecurity, they have not expanded the social safety net that is meant to prevent struggling families from hitting rock bottom (Hacker 2019). Of the few efforts that have been made to expand the social safety net, most have been prevented by Republican opposition.

The resulting combination of high levels of financial insecurity and low levels of government protection can prove disastrous for families of low socioeconomic status (Campbell 2014). In light of these consequences, I explore some of the potential reasons why politicians have not done more to address rising financial insecurity.

I focus on the effects of an understudied variable: politicians' isolation among the rich. Economic segregation is increasing in the United States (Massey, Rothwell, and Domina 2009). This trend has been driven by the withdrawal of affluent Americans into isolated communities that only they are able to afford (Reardon and Bischoff 2011). One under-appreciated consequence of this is that politicians may be becoming increasingly isolated as well. There are several reasons to expect this. First, politicians in the United States are overwhelmingly affluent (Carnes 2013). Second, politicians in the United States compete in a political system where candidates must cultivate financial donors to win elections (Bonica et al. 2013). For politicians competing in this environment, there are career benefits to spending a lot of time with the affluent.

I consider the policy consequences of this isolation. When politicians are isolated among the affluent, it may produce biases in their perceptions of social conditions. Previous research has shown how people form perceptions of society in part by extrapolating from what they see around them on a daily basis (Cruces, Perez-Truglia, and Tetaz 2013; Thal 2017; Nair 2018). Building off this research, I hypothesize that politicians extrapolate from their economically privileged social networks to form perceptions of society, causing them to systematically underestimate how many of those they seek to govern are struggling financially.

In turn, these misperceptions may shape politicians' policy preferences. When politicians underestimate financial hardship, it may cause them to be less supportive of social welfare policies than they would be if they had more a more accurate understanding of reality. This mechanism may operate especially powerfully

among Republican politicians, who are more isolated among the affluent than Democratic politicians (a finding I demonstrate below). Republican politicians may oppose expanding the social safety net in part because they are isolated from low-income Americans, and systematically underestimate how difficult their lives have become in an era of rising financial insecurity.

I test this theory by conducting a series of experiments as part of an original survey of 1,224 politicians running for state legislature in 44 states. The behavior of state legislative candidates is important in the context of my study. State legislatures play a direct role in determining the generosity of social welfare programs (e.g., Bruch, Meyers, and Gornick 2018; Michener 2018). My survey includes incumbents, who are already making decisions affecting social welfare policy, as well as challengers, who will make such decisions if they are elected to office. By studying state legislative candidates, I also gain insights about the behavior of politicians more generally (e.g., Shor and McCarty 2011).

I provide a number of novel findings. First, I measure politicians' perceptions of how widespread financial hardship is among those they seek to govern and compare them to objective reality. I show that a substantial share of politicians underestimate how many people are struggling financially in the states they seek to govern. This is especially true for Republican politicians. Half of Republican politicians underestimate the proportion of people in their state who are financially insecure by more than ten percentage points, and one third of Republican politicians underestimate the proportion of people in their state who skip necessary medical care because they cannot afford it by more than ten percentage points. The equivalent figures for Democratic politicians are one-third and one-tenth. In an experiment, I link these misperceptions to Republican politicians' isolation among the affluent. Republican politicians become particularly likely to underestimate the proportion of state residents who are financially insecure when I randomly assign them to first think about how well their friends are doing financially. This same treatment has no effect on Democratic politicians, who are less isolated among the affluent.

Next, I demonstrate the policy consequences of these misperceptions. In a second experiment, I randomly assign half of the politicians to receive accurate information about how many people are struggling financially in the states they seek to govern. This treatment has no effect on Democratic politicians. By contrast, the treatment causes Republican politicians to become more supportive of social welfare policies that address the problems they are underexposed to in their daily lives, including increasing cash assistance to low-income families to address financial insecurity, and expanding Medicaid to address the unaffordability of healthcare.

I make a number of contributions. First, I improve on previous experimental work on policy preferences, nearly all of which studies average citizens who do not have – and likely never will have – any direct influence on policy outcomes (e.g., Ballard-Rosa, Martin, and Scheve 2017; Condon and Wichowsky 2019). In contrast

to this work, I use experiments to better understand the policy preferences of those whose decisions directly affect policy outcomes.

Second, I contribute to an ongoing debate about how interacting with the disadvantaged influences the policy preferences of the advantaged. While some studies suggest that these interactions can reduce support for redistribution among the advantaged (Cote, House, and Willer 2015; Sands 2017), others suggest that they can increase support (Newman 2014; Mo and Conn 2018). My research supports the latter hypothesis. Interacting with the disadvantaged makes political elites more aware of problems affecting low-income Americans, increasing their support for redistributive social policies.

Finally, I isolate a causal mechanism behind a highly consequential political behavior: politicians' tendency to make policy decisions that disadvantage the poor. This tendency is especially prevalent within the Republican party (e.g., Bartels 2008; Hacker 2019). As of this writing, Republican politicians are working in state legislatures around the country – as well as in Congress and the White House – to roll back the social safety net. Existing perspectives attribute this behavior to ideology and electoral interests (e.g., McCarty, Poole, and Rosenthal 2006; Hacker and Pierson 2016). I show how social context and misperceptions of reality matter as well. If Republican politicians were less out-of-touch with the problems facing low-income families, they would be more in favor of expanding the social safety net to protect low-income families.

1 Why do politicians disregard the poor?

A large body of research shows that politicians frequently disregard the needs of low-income Americans when making policy decisions (e.g., Bartels 2008; Gilens 2012; Rigby and Wright 2013). This can have substantial negative consequences for those of low socioeconomic status. To provide just one example, the political scientist Andrea Campbell (2014) has written about how strict welfare asset limits¹ trapped members of her family in a cycle of poverty after an unexpected emergency ruined their finances. This reflects the wider reality that low-income families often find themselves with inadequate assistance from the government when they need it most (Hacker 2019; Thelen 2019)²

¹This policy, which is among those I study below, limits the amount of financial assets a person can have while receiving welfare. I find that politicians' views of the welfare asset limit are shaped by their misperceptions of financial hardship.

²In contrast to these authors, others argue that low-income families already receive too much assistance from the government (e.g., Neumark, Asquith, and Bass 2018). Yet, from either perspective, it is important to understand what causes politicians to increase or decrease the size of the social safety net.

These consequences speak to the need for political scientists to better understand why politicians disregard the needs of low-income Americans. While we know that politicians' policy decisions often disadvantage the poor, we know far less about what causes this to happen. Existing explanations focus on the kinds of ideological and electoral factors that are commonly used to explain politicians' behavior. These include politicians' conservative opposition to big government (Hacker and Pierson 2016), and politicians' reliance on economically conservative donors to win elections (Page and Gilens 2017). These factors likely do matter a great deal in explaining why public policy often disadvantages the poor. Yet a focus on ideology and electoral interests may obscure other factors that matter as well.

I look beyond these existing explanations to consider previously unstudied factors related to the social psychology of political elites. Recent research in another context – the study of polarization – has demonstrated the value of this approach. Broockman and Skovron (2018) provide evidence that elite polarization may be caused in part by politicians' tendency to systematically overestimate the conservatism of public opinion. Hertel-Fernandez, Mildenerger, and Stokes (2019) provide evidence that legislative staff hold similar biases. I extend this social psychological approach to better understand why politicians frequently make policy decisions that disadvantage the poor. In doing so, I focus on the psychological effects of social context, a variable which has received substantial attention in the study of citizens (Huckfeldt and Sprague 1987; Oliver 1999; Newman, Johnston, and Lown 2015), but little attention in the study of elites.

2 How isolation among the affluent leads politicians to misperceive social conditions

I focus on an important, but understudied aspect of politicians' social context: their isolation among the affluent. While no previous study (to my knowledge) provides data on the economic composition of politicians' social networks, there are reasons to believe that politicians spend much of their time interacting with people who are doing well financially. First, most politicians come from affluent class backgrounds (Carnes 2013). In an era of rising economic segregation, affluent Americans in general are becoming increasingly isolated among members of their own social class (Reardon and Bischoff 2011). This trend is likely to have impacted politicians, leading them to become increasingly isolated among the affluent. Second, politicians have political incentives to spend time with the affluent. In a political system that advantages candidates who are able to fundraise from wealthy donors (Bonica et al. 2013), politicians can advance their own careers by cultivating networks of well-off individuals capable of donating to their campaigns (Bonica 2017).

To the extent that politicians are isolated among the affluent, it is likely to have substantial consequences for politics. I focus in particular on how being isolated among the affluent may affect politicians' perceptions of social problems, as well as their desire to solve them. Previous theories suggest how living in segregated environments can lead to biased perceptions of social conditions. People form perceptions of society in part by extrapolating from what they see around them on a daily basis (Cruces, Perez-Truglia, and Tetaz 2013; Thal 2017; Nair 2018). Politicians are likely to engage in this same tendency³ leading them to form perceptions of the societies they seek to govern based in part on what they see around them as they go about their daily lives.

This tendency can lead to biased perceptions of social conditions if politicians' social networks are not representative of the rest of society. As argued above, politicians are likely to have social networks that are disproportionately affluent. As they navigate their daily lives in the context of these affluent social networks, politicians are likely to observe that few of those they know personally are struggling financially. If politicians extrapolate from what they observe in these economically privileged social networks to form perceptions of broader social conditions, it may cause them to systematically underestimate how many of those they seek to govern are struggling financially.

These misperceptions are likely to have important policy implications. If politicians underestimate the severity of social problems, then they may be less supportive of policies designed to solve those problems than they would be if they accurately perceived reality. For example, if politicians mistakenly believe that few people suffer from extreme financial insecurity, then they may oppose investing resources in policies that improve the financial stability of low-income families. Similarly, if politicians mistakenly believe that few people have difficulty affording healthcare, then they may oppose investing resources in policies that make healthcare more affordable.

This theory may apply especially well to Republican politicians, helping to explain why they consistently oppose efforts to fund these kinds of policies. While politicians from both parties may be isolated among the affluent, Republican politicians may be even more isolated than their Democratic counterparts. There are a number of reasons to expect that this is the case. First, Republican politicians tend to be better off financially than Democratic politicians (Carnes 2013), suggesting that their social networks may be more affluent as well (McPherson, Smith-Lovin, and Cook 2001). Second, while the support of the affluent is

³While previous research suggests that politicians share many of the same psychological biases as the general public (Sheffer et al. 2018), it has not considered how politicians form perceptions of social conditions. Below I empirically evaluate politicians' tendency to extrapolate from their social networks to form perceptions of society.

crucial for both parties, Republican politicians typically rely more heavily on affluent donors and voters than Democratic politicians (McCarty, Poole, and Rosenthal 2006). Republican politicians thus have especially powerful political incentives for spending time with the rich. This suggests that, as compared to Democratic politicians, Republican politicians may be more isolated among the affluent, and consequently more likely to underestimate how many of those they seek to govern are struggling financially. In turn, these misperceptions may help to explain Republican politicians' opposition to expanding the social safety net.

In summary, this theory suggests how being isolated among the affluent may lead politicians to neglect the problems posed by rising financial insecurity: Politicians may extrapolate from their economically privileged social networks to form perceptions of broader social conditions, causing them to underestimate how many of those they seek to govern are struggling financially. In turn, these misperceptions may cause politicians to be less supportive of social welfare policies than they would be if they had a more accurate understanding of reality.

3 Data and Methods

I use two sources of data to test this theory. First, I use government data to measure the prevalence of financial hardship in each of the 50 states. Second, I use data from an original survey of 1,224 politicians running for state legislature to measure politicians' perceptions of the prevalence of financial hardship in the state they seek to govern. This survey includes a series of experiments designed to (1) evaluate whether being isolated among the affluent leads politicians to underestimate financial hardship and (2) evaluate whether underestimating financial hardship causes politicians to be less supportive of social welfare programs than they would be if they accurately perceived reality.

3.1 Federal Reserve's Survey of Household Economics and Decisionmaking

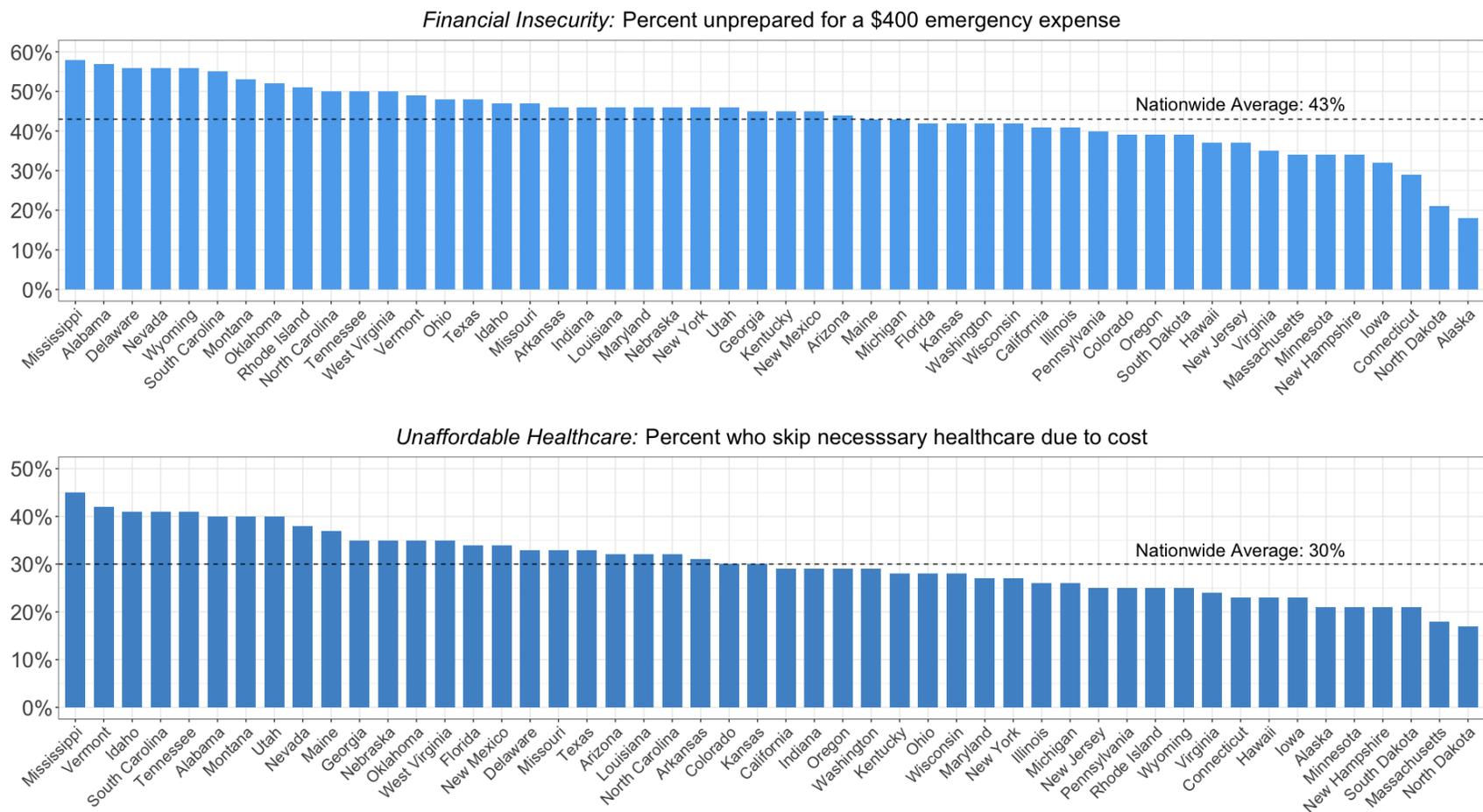
First I use data from the Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED) to measure the proportion of adults in each of the 50 states who are experiencing different forms of financial hardship. The SHED is an annual nationwide survey conducted to identify risks to Americans' finances. I combine the four publicly available years of the dataset – 2013 through 2016 – to create a large-scale dataset with 22,282 respondents, with an average of 446 in each state.

3.1.1 Measuring State-Level Financial Hardship

Using the SHED data, I measure the proportion of adults in each state who are affected by two forms of financial hardship: *Financial Insecurity* and *Unaffordable Healthcare*. I measure the prevalence of *Financial Insecurity* as the proportion of respondents in each state who say that they could not afford to pay a \$400 emergency expense without borrowing money or selling something they own. The original item in the SHED survey asks: “Suppose that you have an emergency expense that costs \$400. Based on your current financial situation how would you pay for this expense?” I identify SHED respondents as experiencing *Financial Insecurity* if they say that they would have no way of paying for such an expense, or if they say that they could only pay for it through some combination of borrowing money (e.g., taking out a payday loan) and selling things they own. This is consistent with how the Federal Reserve analyzes these data (see section 1 of the appendix for full details). The top panel of Figure 1 shows the prevalence of *Financial Insecurity* across the 50 states. Nationwide, 43% of Americans cannot afford to pay a \$400 emergency expense.

I measure the prevalence of *Unaffordable Healthcare* as the proportion of respondents who say that they skipped necessary medical care in the past year because they were unable to afford it. The original item in the SHED survey asks: “During the past 12 months, was there a time when you needed any of the following, but didn’t get it because you couldn’t afford it?” SHED respondents were then asked about the following forms of medical care: seeing a doctor, obtaining prescription medicine, obtaining mental health care, obtaining dental care, seeing a specialist (e.g., OB/GYN), and obtaining physical therapy. I identify SHED respondents as being affected by the issue of *Unaffordable Healthcare* if they said that they skipped at least one of these forms of healthcare in the past 12 months because they could not afford it (see section 1 of the appendix for full details). The bottom panel of Figure 1 shows the prevalence of *Unaffordable Healthcare*. Nationwide, 30% of Americans have skipped necessary medical care because they could not afford it.

Figure 1: Prevalence of financial hardship across the 50 states as measured in the Federal Reserve Board’s Survey of Household Economics and Decisionmaking



Note: The top panel shows the percent of state residents who would not be able to afford a \$400 emergency expense unless they borrowed money or sold something they owned. The bottom panel shows the percent of state residents who have skipped necessary medical care because they were unable to afford it.

3.2 Original Survey of State Legislative Candidates

The SHED data inform the design of an original survey that I administered to political elites. This survey consists of an original sample of 1,224 candidates running for state legislature during the 2018 primary elections. Studying state legislative candidates is useful in the context of my study. State legislatures exert a substantial degree of control over the welfare state (e.g., Bruch, Meyers, and Gornick 2018; Michener 2018). To cite two examples that are relevant to my results, state legislators play a direct role in deciding how much cash assistance low-income families will receive in the form of welfare, and the amount of coverage provided to low-income families through Medicaid. Those surveyed here include incumbents, who are already charged with making these decisions, and challengers who will be charged with making these decisions if they are elected to office.

To conduct the survey, a team of researchers and I sought to compile a list of e-mail addresses for every candidate running for state legislative office during the 2018 primary elections. This list ultimately contained email addresses for 12,302 candidates. We then emailed each of these candidates to invite them to participate in the survey between April and October of 2018. The invitation sent to candidates is shown in section 2 of the appendix. Reminder emails were sent to politicians who did not respond to the original invitation. Of the 12,302 candidates who were invited to participate, 1,224 completed the survey for a response rate of approximately 10%. This rate is comparable to what others have obtained in email-based surveys of political elites (e.g., Hertel-Fernandez, Mildemberger, and Stokes 2019). Candidates from 44 states took the survey.

I provide evidence in section three of the appendix that the candidates who responded to the survey are representative of the larger population of candidates who ran for state legislature in 2018. This analysis focuses on district-level partisanship and legislative professionalism, which are the main representativeness checks reported in Broockman and Skovron (2018, p. 546). While the data are representative along these dimensions, there are other dimensions on which the data appear less representative. These sources of non-representativeness follow from the reality that certain kinds of politicians are more likely to respond to academic surveys than others. I account for these sources of non-representativeness in the analysis below.

First, I observe that Democrats were more likely to respond than Republicans. This has also been observed in past surveys of elites (Broockman and Skovron 2018; Hertel-Fernandez, Mildemberger, and Stokes 2019). Of the candidates who completed my survey, 685 self-identify as Democrats, 332 self-identify as Republicans, and 207 self-identify as independents. Similarly to past work, I focus on the differences between Democratic and Republican politicians, who are analyzed separately (Broockman and Skovron 2018; Hertel-Fernandez, Mildemberger, and Stokes 2019). Second, I observe that approximately half of the state legislative candidates are running for office for the first time. This suggests that inexperienced

politicians may have been more likely to respond to the survey than experienced politicians. Similar forms of non-representativeness have been observed in past elite surveys, which have found that non-incumbents can be more likely to respond than incumbents (Broockman and Skovron 2018). I account for this in section four of the appendix where I compare the results for experienced politicians who held positions of elected office at the time of the survey to the results for less experienced politicians who did not hold positions of elected office at the time of the survey. I find that the results are stronger for elected officeholders than they are for all other respondents. This makes clear that the results apply to experienced politicians with influence over policy.

3.2.1 Measuring Politicians’ Perceptions and the Effects of Isolation

My survey of politicians included new survey items that I designed to measure politicians’ perceptions of *Financial Insecurity* and *Unaffordable Healthcare* in the states they seek to govern. These items, which are shown in Table 1, allow me to compare politicians’ perceptions of how common these forms of financial hardship are against reality as measured using the SHED data.⁴

Table 1: Items Measuring State-Level Perceptions

Problem	Text
<i>Financial Insecurity</i>	To the best of your knowledge, what percentage of [STATE NAME] residents would need to borrow money or sell something they own in order to pay for a \$400 emergency expense?
<i>Unaffordable Healthcare</i>	To the best of your knowledge, what percentage of [STATE NAME] residents have skipped necessary medical care because they were unable to afford it?

Note: [STATE NAME] is the name of the state in which the politician is running for state legislature.

⁴One potential concern with these kinds of measures is that respondents may cheat by looking up the correct answer. Research has shown that this kind of cheating is very uncommon in surveys, even when respondents are being paid for providing correct answers (Bullock et al. 2015). Moreover, even if the politicians sought to look up the correct answers to the questions in Table 1, they would not be able to easily find them. While the Federal Reserve publishes national estimates of how many Americans experience *Financial Insecurity* and *Unaffordable Healthcare*, they do not publish state-level estimates.

In addition to measuring politicians’ perceptions of *Financial Insecurity* and *Unaffordable Healthcare*, I also test whether these perceptions are shaped by economic segregation. To assess this possibility, I also ask the politicians about the prevalence of *Financial Insecurity* and *Unaffordable Healthcare* in their social networks using the questions shown in Table 2. Before answering these questions, respondents were told: “We are going to ask you some questions about all the people that you are personally acquainted with, meaning that you know their name and would stop and talk at least for a moment if you ran into the person on the street.” This way of asking about respondents’ social networks is adapted from the General Social Survey, which uses similar language to measure exposure to different groups.⁵

Table 2: Items measuring network perceptions

Problem	Text
<i>Financial Insecurity</i>	To the best of your knowledge, what percentage of the people you are personally acquainted with would need to borrow money or sell something they own in order to pay for a \$400 emergency expense?
<i>Unaffordable Healthcare</i>	To the best of your knowledge, what percentage of the people you are personally acquainted with have skipped necessary medical care because they were unable to afford it?

I use these measures to perform observational and experimental tests of my hypothesis that isolation within privileged social networks can lead politicians to underestimate *Financial Insecurity* and *Unaffordable Healthcare* at the state level. The main test of this hypothesis is an experiment (referred to below as the *Network Experiment*) in which I randomly assigned half of the politicians to think about how well their friends are doing financially. I accomplished this by randomizing the order in which the questions described above were asked. Those randomly assigned to the treatment condition answered the network questions shown in Table 2 before answering the state questions shown in Table 1. Those randomly assigned to the control condition answered the state questions before the network questions. If politicians’ isolation among the affluent causes them to underestimate the prevalence of financial hardship, then they should become particularly likely to underestimate *Financial Insecurity* and *Unaffordable Healthcare* at the state level when I randomly assign them to first think about how well their friends are doing financially. Randomly assigning

⁵In section five of the appendix I show that politicians’ self-reported levels of exposure to *Financial Insecurity* and *Unaffordable Healthcare* are strongly related to the actual level of income segregation they experience in their neighborhoods. This provides evidences that politicians are honestly reporting their perceptions of their social networks.

politicians to think about their privileged social networks in this way allows me to test my hypothesis about the effects of isolation in a way that is not biased by self-selection, which normally plagues efforts to measure the effects of network composition.

I also provide additional observational tests of my hypothesis that being isolated among the affluent contributes to politicians' tendency to underestimate financial hardship. These tests, which are detailed in section seven of the appendix, make use of data that I collected about the level of income segregation in politicians' neighborhoods.⁶

3.2.2 Policy Experiment

Beyond assessing the origins of politicians' tendency to underestimate *Financial Insecurity* and *Unaffordable Healthcare*, I also assess the policy consequences of this tendency. I expect that politicians' tendency to underestimate *Financial Insecurity* and *Unaffordable Healthcare* will cause them to be less supportive of social welfare policies that address these problems than they would be if they accurately perceived reality. I assess this possibility in a second experiment, referred to below as the *Policy Experiment*.

In this experiment, half of the politicians were randomly assigned to a treatment condition in which they received accurate information about the prevalence of *Financial Insecurity* and *Unaffordable Healthcare* in their state before providing their views on policies that address these problems. Those assigned to this treatment saw the text shown in Table 3 before providing their policy views, while those assigned to the control saw no additional text before providing their policy views. The "correct answer" shown in the treatment condition is the estimate of the level of *Financial Insecurity* and *Unaffordable Healthcare* in the politician's state from the SHED data (Figure 1), which is to my knowledge the "best available data" for assessing these problems. This design allows me to compare the policy preferences of politicians in the treatment condition who accurately perceive the level of *Financial Insecurity* and *Unaffordable Healthcare* in their state, with an otherwise identical group of politicians in the control condition who have uncorrected misperceptions of these problems. Similar designs have been used in other contexts to measure the causal effects of misperceptions (Cruces, Perez-Truglia, and Tetaz 2013; Nair 2018).

⁶In section 10 of the appendix I examine a third social problem that disproportionately affects those with relatively high socioeconomic status: *College Tuition*. I do not find evidence that economic segregation reduces politicians' awareness of such problems. By focusing politicians' attention on problems that affect the relatively well-off, economic segregation may further reinforce inequality.

Table 3: Policy experiment treatment text

Problem	Text
<i>Financial Insecurity</i>	You answered that [ANSWER GIVEN]% of [STATE NAME] residents would need to borrow money or sell something they own in order to pay for a \$400 emergency expense. Based on the best available data, the actual answer is [CORRECT ANSWER]%.
<i>Unaffordable Healthcare</i>	You answered that [ANSWER GIVEN]% of [STATE NAME] residents have skipped necessary medical care because they were unable to afford it. Based on the best available data, the actual answer is [CORRECT ANSWER]%.

Note: [ANSWER GIVEN] is the politicians' response to the state perception item in Table 1. [STATE NAME] is the name of the state in which the politician is running for state legislature. [CORRECT ANSWER] is the estimate of the actual level of *Financial Insecurity* or *Unaffordable Healthcare* in the state as measured using the SHED data (see Figure 1).

The main outcomes in this analysis focus on politicians' willingness to spend government resources to address *Financial Insecurity* and *Unaffordable Healthcare*. To measure politicians' willingness to spend resources dealing with *Financial Insecurity*, I ask them whether they would like to see their state government "increase or decrease the amount spent on providing cash assistance to low-income families." To measure their willingness to spend resources dealing with *Unaffordable Healthcare*, I ask them whether they would like to see their state government "increase or decrease the amount spent on Medicaid." Both spending questions have the same five response options coded to range from 0 to 1 such that higher values indicate increased support for government spending: "Decrease a lot" (0), "Decrease a little" (.25), "Neither increase nor decrease" (.5), "Increase a little" (.75), and "Increase a lot" (1).

I briefly discuss findings for additional policy outcomes below, and note where they do and do not align with the findings for these spending items. Full results for all policy outcomes are provided in sections eight and nine of the appendix.⁷

⁷My hypotheses about the policy effects of misperceptions were registered at Evidence in Governance and Politics (ID no. 20180724AA).

4 Results

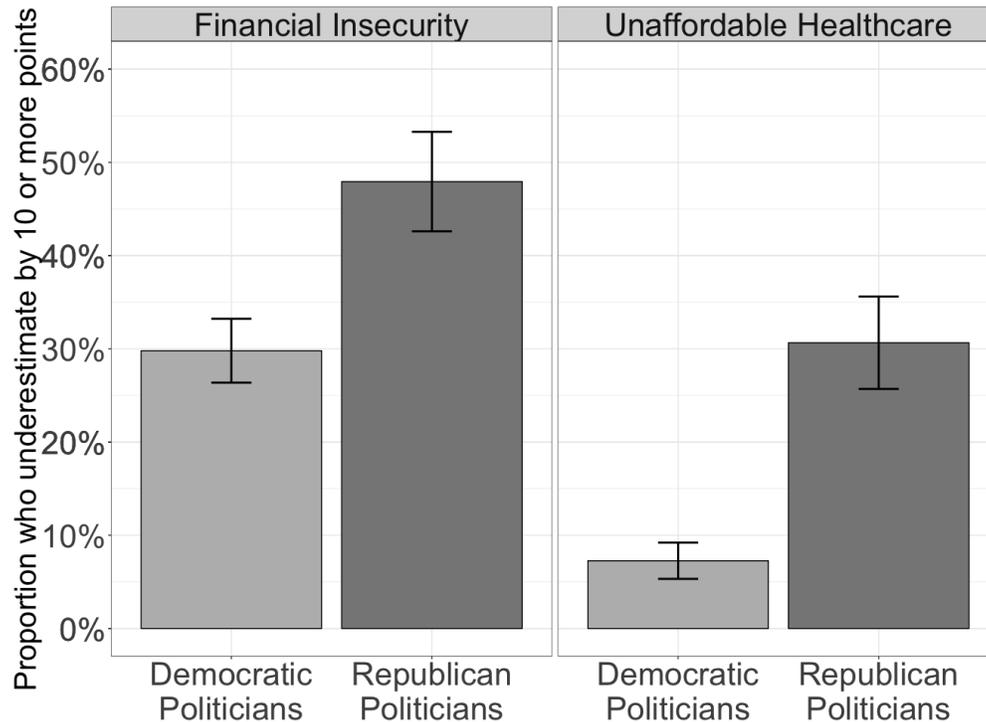
4.1 Politicians' Perceptions of Financial Hardship

First I measure the distance between politicians' perceptions of *Financial Insecurity* and *Unaffordable Healthcare* (as measured using the items in Table 1) and reality as measured using the SHED data. Given my theory's emphasis on the policy consequences of underestimating financial hardship, I focus on the proportion of Democratic and Republican politicians who underestimate each problem. Here I define underestimators as those who underestimate the proportion of people experiencing *Financial Insecurity* or *Unaffordable Healthcare* in their state by ten or more percentage points (additional descriptive statistics are provided in section six of the appendix).

Figure 2 shows the proportion of elites who underestimate *Financial Insecurity* and *Unaffordable Healthcare* using this measure. Republican politicians are clearly more likely than Democratic politicians to underestimate *Financial Insecurity* and *Unaffordable Healthcare* in the states they seek to govern. Forty-eight percent of Republican politicians underestimate *Financial Insecurity* by more than ten points, as opposed to 30% of Democratic politicians (an 18 point difference). Thirty-one percent of Republican politicians underestimate *Unaffordable Healthcare* by more than ten points as opposed to 7% of Democratic politicians (a 24 point difference). These differences also exist within states. Republican politicians are more likely than Democratic politicians to underestimate *Financial Insecurity* in three-quarters of all states, and more likely to underestimate *Unaffordable Healthcare* in two-thirds of all states⁸

⁸While my theory focuses on the consequences of underestimating financial hardship, there are also instances in which politicians overestimate the prevalence of financial hardship. Most notably, a large share of Democratic politicians overestimate the prevalence of *Unaffordable Healthcare*. I discuss this finding and its implications in section six of the appendix.

Figure 2: Percent of politicians who underestimate financial hardship in the state where they are running for office by ten or more percentage points



Note: The left panel shows the proportion who underestimate *Financial Insecurity* by ten or more percentage points, and the right panel shows the proportion who underestimate *Unaffordable Healthcare* by ten or more percentage points. Bars are 95% confidence intervals.

4.2 The Effects of Isolation

What are the origins of Republican politicians' tendency to underestimate *Financial Insecurity* and *Unaffordable Healthcare*? To be sure, this tendency likely has multiple causes. I am interested in testing one in particular: Republican politicians' isolation among the privileged. The data collected on the prevalence of *Financial Insecurity* and *Unaffordable Healthcare* within politicians' social networks (using the items in Table 2) support this explanation. Republican politicians' social networks are privileged relative to the rest of society, especially with respect to *Financial Insecurity*. While the average Republican politician is running for office in a state where 44% of people cannot afford to pay for a \$400 emergency expense (according to the SHED data), the average Republican politician exists in a social network where only 22% of people cannot afford to pay a \$400 emergency expense. This shows the extent to which Republican politicians are isolated from *Financial Insecurity*: As Republican politicians go about their daily lives, the level of *Financial*

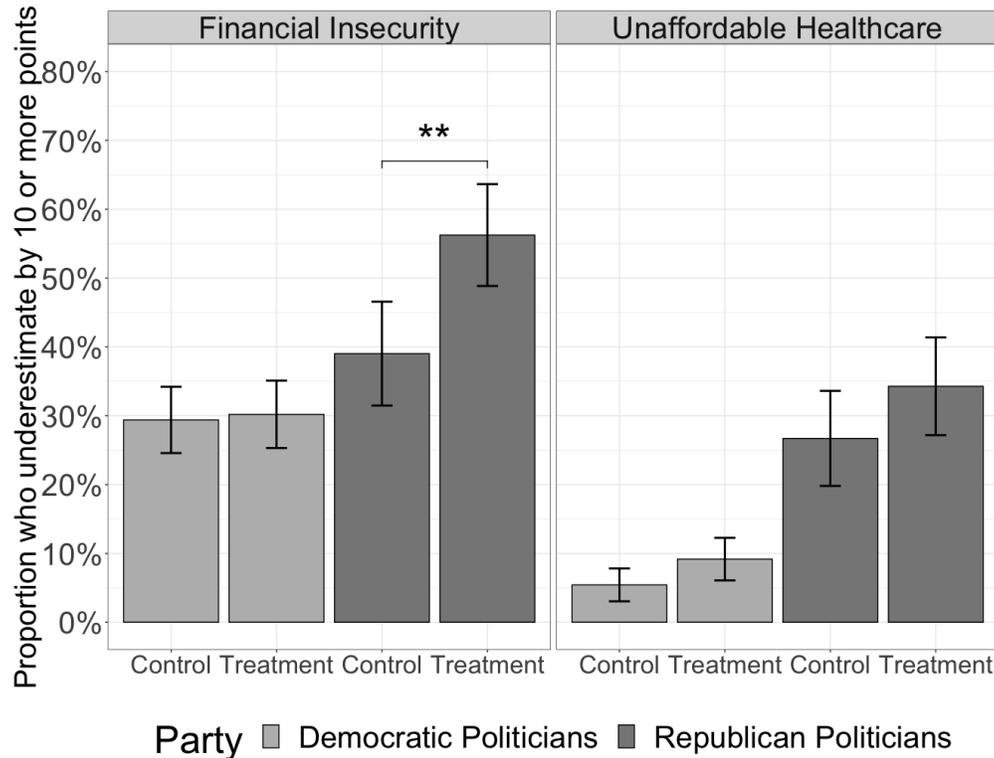
Insecurity they see around them is half the level that exists in the states they seek to govern. This likely helps to explain why so many Republican politicians underestimate *Financial Insecurity* in their state.

By contrast, Democratic politicians are less underexposed: While the average Democratic politician is also running for office in a state where 44% of people cannot afford to pay for a \$400 emergency expense, the average Democratic politician exists in a social network where 31% of people cannot afford to pay a \$400 emergency expense. This likely helps to explain why Democratic politicians are less likely than Republican politicians to underestimate *Financial Insecurity* in their state.

Both groups have a smaller degree of underexposure to *Unaffordable Healthcare*, though again Republican politicians are more likely to be underexposed. While the average politician from both parties is running for office in a state where 30% of people skip necessary medical care, the average Republican politician is in a social network where 23% of people experience *Unaffordable Healthcare*, and the average Democratic politician is in a social network where 34% of people experience *Unaffordable Healthcare*.

In line with my theory, Republican politicians are underexposed to the same problems they tend to underestimate. But can having a privileged social network cause Republican politicians to underestimate *Financial Insecurity* or *Unaffordable Healthcare*? Figure 3 shows the results of the *Network Experiment*, where politicians in the treatment group were randomly assigned to think about how few of their friends experience *Financial Insecurity* and *Unaffordable Healthcare* before attempting to gauge the prevalence of these problems in their state. This treatment causes a statistically significant 17 percentage point increase in Republican politicians' tendency to underestimate *Financial Insecurity* at the state level, as well as a seven point, but non-statistically significant, increase in Republican politicians' tendency to underestimate *Unaffordable Healthcare*. When Republican politicians think about their privileged social networks and extrapolate from what they see around them to form perceptions of state-level conditions, it causes them to underestimate the prevalence of financial hardship in the states they seek to govern. I replicate this finding with additional observational tests, including tests that measure the level of income segregation in politicians' neighborhoods (see section seven of the appendix). By contrast, the *Network Experiment* shows no effect on Democratic politicians. Because Democratic politicians are less isolated among the privileged, they can extrapolate from their networks and still arrive at reasonable estimates of state-level conditions.

Figure 3: The effects of the Network Experiment on Democratic and Republican politicians' tendency to underestimate financial hardship in the state where they are running for office



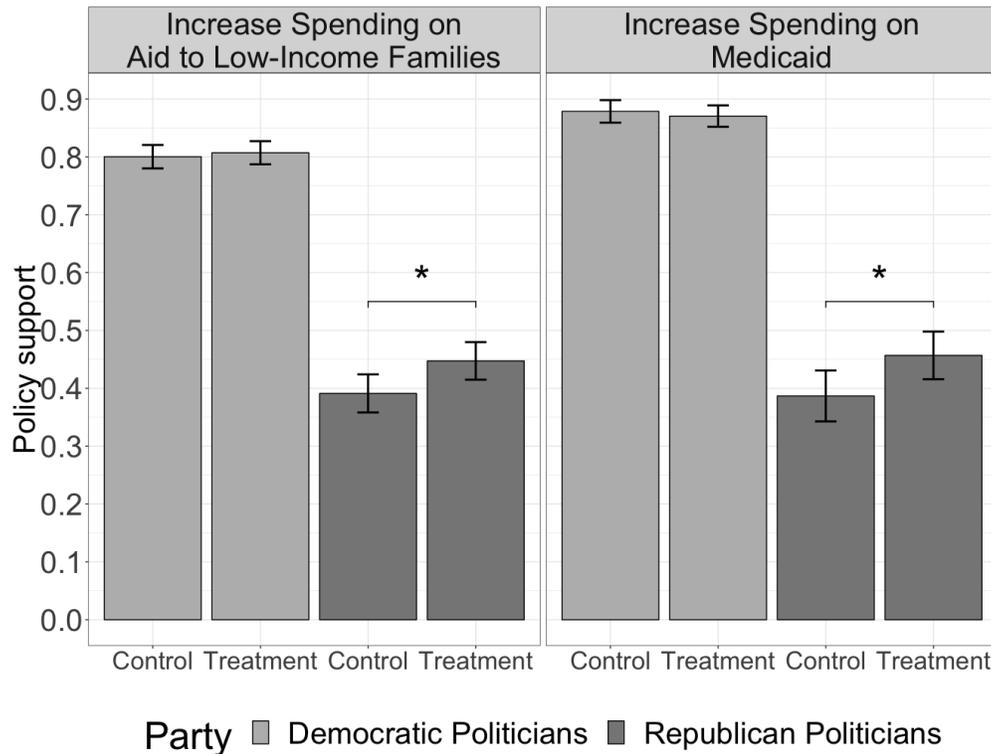
Note: The y-axis shows the proportion who underestimate *Financial Insecurity* (left panel) and *Unaffordable Healthcare* (right panel) by 10 or more percentage points. Bars are 95% confidence intervals. Significant differences between the control and treatment are indicated as follows: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

4.3 The Policy Consequences of Politicians' Misperceptions

Finally, I ask whether politicians' misperceptions of *Financial Insecurity* and *Unaffordable Healthcare* have policy consequences. In the *Policy Experiment*, half of the politicians were randomly assigned to a treatment condition in which they were provided with accurate information about the level of *Financial Insecurity* and *Unaffordable Healthcare* in their states before providing their preferences on social welfare policies. Those in the control condition received no additional information.

Figure 4 shows the results. Having their misperceptions corrected causes Republican politicians to become significantly more supportive of social welfare policies that address the problems they are underexposed to in their daily lives. It causes them to become six percentage points more in favor of increasing spending on cash assistance to low-income families (which would help to address *Financial Insecurity*), and seven percentage points more in favor of increasing spending on Medicaid (which would help address *Unaffordable Healthcare*).

Figure 4: The effects of the Policy Experiment on Democratic and Republican politicians' support for increasing spending on social welfare programs in the state where they are running for office



Note: The y-axis shows the average level of support for increased spending. Bars are 95% confidence intervals. Significant differences between the control and treatment are indicated as follows: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

By contrast, the treatment has no effect on Democratic politicians. It makes sense that providing accurate information does not increase Democratic politicians' support for policies that address *Financial Insecurity* and *Unaffordable Healthcare*, as Democratic politicians tend not to underestimate these problems in the first place⁹. Because the treatment increases support for social welfare policies among Republican politicians while leaving support among Democratic politicians unaffected, it causes an overall reduction in the level of polarization between the two parties on this issue.

⁹The null finding for Democratic politicians may also be a ceiling effect, as Democratic politicians are already strongly supportive of increasing spending on aid to low-income families and Medicaid in the control condition. I note that I continue to find the same pattern of results for outcomes analyzed in the appendix where ceiling effects are less likely. There I analyze a more "extreme" policy – eliminating the asset limit on welfare recipients – that Democratic politicians only moderately support in the control condition. On this outcome I continue to observe null effects for Democratic politicians, and significant positive effects for Republican politicians. The results for other outcomes are discussed further below.

Further analysis shows the extent to which these results replicate across other outcomes (see sections eight and nine of the appendix for full results across all policy outcomes for *Financial Insecurity* and *Unaffordable Healthcare*). For *Financial Insecurity*, the treatment causes Republican politicians to become more supportive of the majority of policies that I asked about in the survey, including eliminating the asset limit on welfare recipients. The effects of correcting misperceptions of *Unaffordable Healthcare* are more limited. Correcting Republican politicians' misperceptions of *Unaffordable Healthcare* does not increase their support for policies other than Medicaid, such as implementing regulations on hospitals to limit healthcare costs. Given that Medicaid is the most important government policy for providing healthcare to the poor (Michener 2018), the result for this outcome alone is of substantial policy importance. The relatively stronger effects for *Financial Insecurity* align with the observation in Figure 2 that Republican politicians' misperceptions of *Financial Insecurity* are significantly larger than their misperceptions of *Unaffordable Healthcare*. As a whole, the results for the *Policy Experiment* show that Republican politicians would be more supportive of expanding the social safety net if they did not underestimate the level of financial hardship experienced by those they seek to govern.

Conclusion

Politicians frequently make policy decisions that disadvantage low-income Americans (e.g., Bartels 2008; Gilens 2012; Rigby and Wright 2013). This tendency has facilitated the rise of financial insecurity in the United States. As financial insecurity has risen, politicians have cut back on social welfare programs, helping to make the lives of low-income Americans even more precarious (Campbell 2014). Efforts to further reduce the protections offered by the social safety net are currently underway in state legislatures around the country, as well as in Congress and the White House (Hacker 2019).

To better understand this behavior, I conduct a series of experiments as part of an original nationwide survey 1,244 politicians from 44 states. In doing so, I provide a number of novel findings. First, I show that a large share of politicians underestimate the level of financial hardship experienced by those they seek to govern. Second, I provide experimental evidence that these misperceptions partially result from politicians' isolation within privileged social networks. Finally, I provide experimental evidence that these misperceptions have policy consequences, causing politicians to be less supportive of social welfare policies than they would be if they accurately perceived reality. All of these findings are driven by Republican politicians. This suggests that Republican politicians limit welfare spending, and help to produce rising financial insecurity, in part because they are out of touch with how difficult life has become for low-income Americans.

While the analysis focuses on the context of rising financial insecurity, the underlying theory likely applies to a broad range of social problems that disproportionately affect low-income Americans. In a highly unequal society such as the United States, most social problems have their worst negative effects on the poor. To cite just a few examples, low-income Americans are more likely than high-income Americans to be incarcerated (Matthews 2018), experience sexual violence (Fessler 2018), and have their lives upended by climate change (Chappell 2018). My results raise the possibility that being isolated among the affluent reduces politicians' exposure to these and other problems that disproportionately affect the poor. In turn, this underexposure may lead politicians to underestimate the severity of these problems, and be less interested in solving them than they would be if they accurately perceived reality. The end result is that low-income Americans are deprived of policy solutions that could improve their lives.

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Supplemental Appendix for “The Influence of Economic Segregation on Political Elites’ Perception of Social Problems”

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1 Measuring Objective Social Conditions

I measure objective social conditions using data from the U.S. Federal Reserve Board’s Survey of Household Economics and Decisionmaking (SHED). The SHED is an annual nationwide survey conducted by the Federal Reserve Board to identify risks to Americans’ finances. I use the SHED survey to measure the proportion of Americans in each of the 50 states who are experiencing different forms of financial hardship. To do so, I combine the four publicly available years of the dataset – 2013, 2014, 2015, and 2016 – to create a large-scale dataset with 22,282 respondents. On average, this provides 446 respondents in each state to measure *Financial Insecurity* and *Unaffordable Healthcare*. The measures of *Financial Insecurity* and *Unaffordable Healthcare* are described below. These measurement strategies are the same as those used in reports published by the Federal Reserve Board.

I note that, like any population sample, the SHED data cannot provide a perfect estimate of the prevalence of *Financial Insecurity* and *Unaffordable Healthcare* in the 50 states. Rather, the SHED data are the best available data that can be used to measure these problems. I was clear about this with politicians in the survey: The treatment text in the *Policy Experiment* (Table 3 in the main paper) stated that the state level-estimates are “based on the best available data,” which is true to the best of my knowledge.

Financial Insecurity: The original item in the SHED survey asks: “Suppose that you have an emergency expense that costs \$400. Based on your current financial situation how would you pay for this expense?” Respondents then selected one of the following options, or a combination of options if the money would come from multiple places:

- (A) “Using money from a bank loan or line of credit”
- (B) “By borrowing money from a friend or family member”
- (C) “Using a payday loan, deposit advance, or overdraft”
- (D) “By selling something”
- (E) “I wouldn’t be able to pay for the expense right now”
- (F) “Put it on my credit card and pay it off over time”
- (G) “Put it on my credit card and pay it off in full at the next statement”
- (H) “With the money currently in my checking/savings account or with cash”
- (I) “Other”

Following the method employed by the Federal Reserve, I identified respondents as experiencing *Financial Insecurity* if they indicated that using some combination of options A, B, C, D, E, and F would be necessary for them to pay off the \$400 emergency expense. Such respondents either have no way of paying for the emergency expense, or could only pay for it if they borrowed money or sold something they owned.

Unaffordable Healthcare: The original item in the SHED survey asks: “During the past 12 months, was there a time when you needed any of the following, but didn’t get it because you couldn’t afford it?” Respondents then selected any of the following options that applied to them:

- (A) “Prescription medicine (including taking less medication than prescribed)”
- (B) “To see a doctor”
- (C) “Mental health care or counseling”
- (D) “Dental care (including skipping check-ups or routine cleaning)”
- (E) “To see a specialist (such as an OB/GYN, dermatologist, orthopedic surgeon, etc.)”
- (F) “Follow-up care”

Following the method employed by the Federal Reserve, I identified respondents as experiencing *Unaffordable Healthcare* if they reported skipping any of the above forms of healthcare.

2 Survey Invitation

Fig. S1: Text of e-mail invitation sent to politicians

Dear [CANDIDATE NAME],

You are invited to participate in the **2018 State Legislative Candidate Study**, a nonpartisan and academic survey of candidates running for state legislative office in 2018. The study is being conducted by a team of researchers at Yale University, and includes collaborators from Vanderbilt University, the University of Washington, and the University of Chicago.

The goal of this study is to better understand the experiences of candidates seeking election to statehouses across the United States. By participating in the survey, your responses can help to ensure that the insights from our study represent the experiences of candidates for state legislative office in [STATE NAME]. Our results will provide new knowledge about state legislatures, where decisions are made that affect the lives of millions of Americans.

Your responses to the survey will be completely confidential and anonymous. Your privacy is important to us. No information that could identify a candidate will ever be made public. Only aggregate results will ever be made public.

The survey will take about 20 minutes to complete. You can participate on your computer or smartphone by visiting the link below:

[Take the Survey](#)

The survey is available now. We would appreciate if you were to respond by May 8, 2018.

If you have trouble accessing the survey or if you have any questions, please email the lead investigators Adam Thal, Al Fang, and Patrick Tucker at candidatesurvey@yale.edu. You may also visit the [study website](#) to learn more about the study.

Thank you for being a part of this study.

Sincerely,

Adam Thal, Ph.D.
Albert Fang, Ph.D.
Patrick Tucker, Ph.D.

Principal Investigators
2018 State Legislative Candidate Study
Yale University

The 2018 State Legislative Candidate Study is conducted in collaboration with researchers from the following institutions:

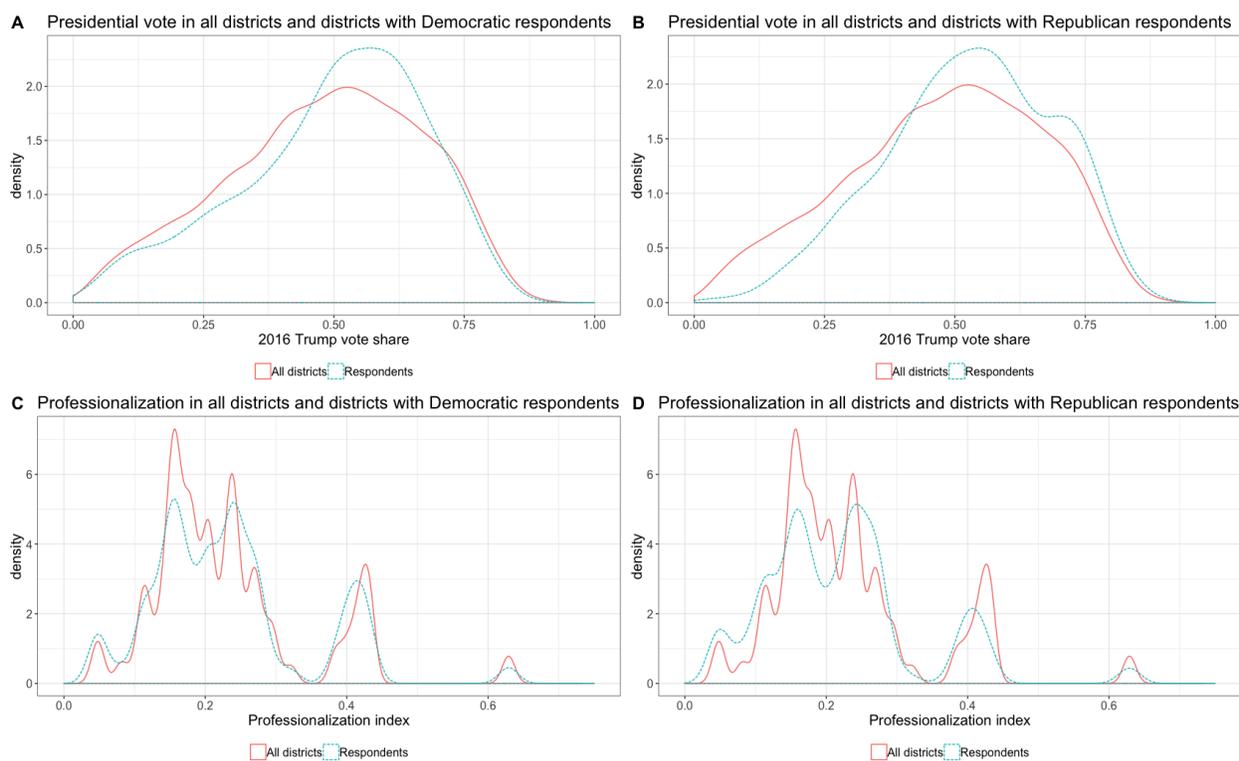


3 Representativeness

Here I present evidence that the politicians who responded to the survey are similar to the overall population of primary election candidates for state legislature. Following Brookman and Skovron (2018, p. 546), I focus on two factors: district ideology and the professionalism of the state legislature. Figure S1 compares all state legislative districts against the subset of state legislative districts where at least one candidate responded to the survey. I make this comparison according to (1) the proportion of voters in the district who voted for Donald Trump in the 2016 presidential election and (2) the professionalism of the legislature as measured by the Squire Index (Squire 2017).¹ The left column compares the distribution of all districts against the subset of districts with a Democratic respondent (panels A and C), while the right column compares the distribution of all districts against the subset of districts with a Republican respondent (panels B and D). Overall the distributions are very similar. These results provide evidence that the survey respondents from both parties are representative of the broader population of state legislative districts.

As discussed in the main paper, an additional concern is that a substantial proportion of respondents may be inexperienced candidates. I address this concern in the following section (section four).

Fig. S2: Representativeness of politicians who responded, by party, presidential vote share in the district, and state legislative professionalization



¹This is a measure of the extent to which state legislatures are part-time, citizen-based groups or professionalized into bureaucratic occupations.

4 Results for Elected Officials Only

Given that a primary purpose of this study is to learn about the origins of policy decisions, it would be problematic if the results were driven by inexperienced politicians with little hope of attaining elected office. To evaluate this concern I analyze the results of the *Network Experiment* and the *Policy Experiment* separately for two groups: (1) experienced politicians who already held elected office at the time of the survey² and (2) the remainder of respondents who did not hold elected office at the time of the survey.

Table S1 shows the results for the *Network Experiment* broken out by elected office holders and all other respondents. As in the main paper, I focus on the percentage of respondents in the control and treatment conditions who underestimate each form of financial hardship by ten or more percentage points. The treatment causes a statistically significant 15 point increase ($p < .05$) in elected office holders' tendency to underestimate *Financial Insecurity*, and a seven point – but non-statistically significant – increase in elected office holders' tendency to underestimate *Unaffordable Healthcare*. In terms of size, these effects on elected office holders are as large or larger than those observed for less experienced politicians for both *Financial Insecurity* and *Unaffordable Healthcare*.

Table S1: Effects of the Network Experiment among elected office holders and others

Problem	Elected Office Holders			All Other Respondents		
	Control	Treatment	Effect	Control	Treatment	Effect
<i>Financial Insecurity</i>	31%	46%	.15*	34%	36%	.02
<i>Unaffordable Healthcare</i>	15%	22%	.07	11%	16%	.05*

Note: The control and treatment cells show the proportion of respondents who underestimate each form of financial hardship by ten or more percentage points. The effect cells show the difference between the control and treatment conditions in terms of percentage points. Significant differences between the control and treatment are indicated as follows: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$ (Two-tailed).

Table S2 shows the results of the *Policy Experiment* for the two main spending measures. The treatment causes a statistically significant ten point increase ($p < .05$) in elected office holders' support for increasing spending on aid to low-income families, and a marginally significant ($p < .10$) seven point increase in elected office holders' support for increasing spending on Medicaid. These effect sizes are clearly stronger than those observed for other respondents.

Table S2: Effects of the Policy Experiment among elected office holders and others

Policy	Elected Office Holders			All Other Respondents		
	Control	Treatment	Effect	Control	Treatment	Effect
Increase Spending on Aid to Low-Income Families	0.57	0.67	0.10**	0.67	0.68	0.01
Increase Spending on Medicaid	0.61	0.68	0.07†	0.74	0.73	-0.01

Note: The control and treatment cells show the average level of support for each policy. The effect cells show the difference between the control and treatment conditions in terms of percentage points. Significant differences between the control and treatment are indicated as follows: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$ (Two-tailed).

As a whole, this set of analyses makes clear that the results cannot be attributed to the presence of novice candidates in the sample who have little chance of influencing policy decisions. Instead, the results appear to be strongest for experienced politicians who already hold elected office.

²This category includes all respondents who indicated that they are “currently an elected official” in the survey.

5 Validating Elites' Perceptions of Their Social Networks

One concern with the measures of network perceptions (shown in Table 2 of the main paper) is that politicians may feel pressure to inflate their own exposure to those experiencing financial hardship in order to avoid appearing out-of-touch. To assess this concern, I look at the relationship between politicians' self-reported exposure to those experiencing financial hardship and politicians' actual level of isolation among the affluent.

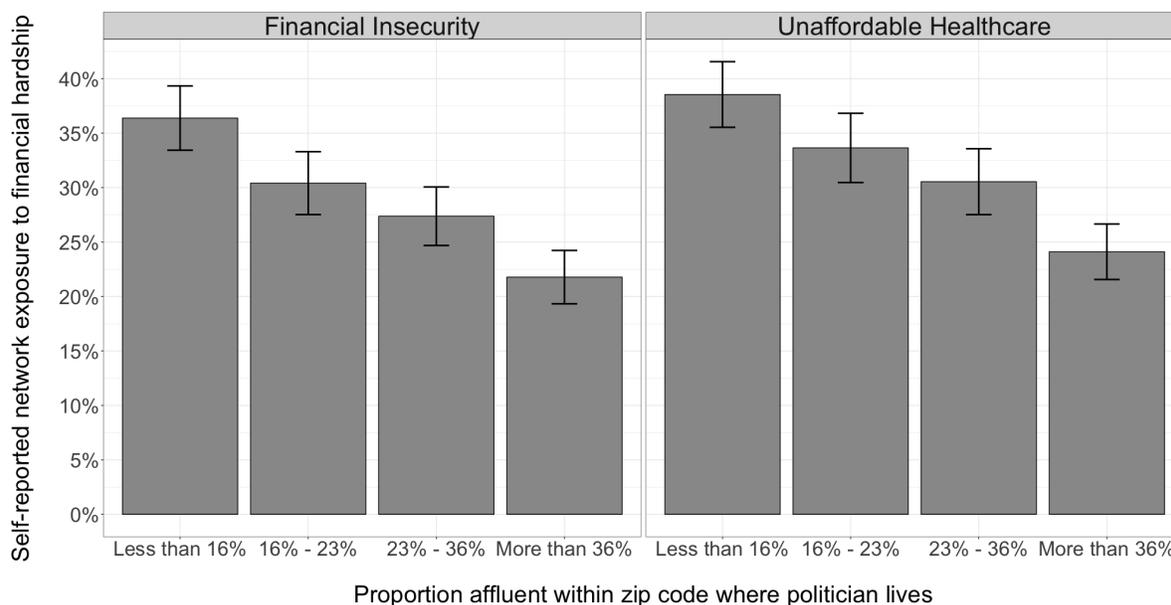
Politicians' actual level of isolation among the affluent is measured based on each politician's home zip code, which I asked them to self-report as part of the survey. Using the 2010 census, I measure the proportion of households in each of these zip codes that earns more than \$100,000 a year. This measure is similar to those used in previous studies of income segregation (Massey 1996). As this measure rises, it indicates that politicians are becoming increasingly isolated among the affluent in the neighborhoods where they live.

To the extent that politicians are accurately reporting their perceived exposure to *Financial Insecurity* and *Unaffordable Healthcare*, I would expect their self-reported level of exposure to decline as the proportion of their neighbors who are affluent increases.

As Figure S2 shows, this is clearly the case. Here I break the politicians into four categories based on the proportion of households in their zip code that are affluent. These categories correspond to the quartiles of the distribution of zip code affluence among politicians: Less than 16 percent affluent, 16 to 23 percent affluent, 23 to 36 percent affluent, and more than 36 percent affluent. Figure S2 looks at the average level of self-reported exposure to *Financial Insecurity* and *Unaffordable Healthcare* across these categories. As expected, I observe that politicians who live in zip codes with few affluent households report significantly more exposure to those experiencing both *Financial Insecurity* and *Unaffordable Healthcare* than politicians who live in zip codes with many affluent households.

While it is not possible to entirely rule out that some respondents are misreporting their perceptions of their social networks, the results provided here suggest that, on average, politicians' self-reports of their network composition are firmly grounded in what they actually experience as they go about their daily lives.

Fig. S3: The relationship between objective isolation and self-reported exposure to financial hardship



Note: The left panel shows the relationship between the proportion of a politician's neighborhood that is affluent (based on census data) and their self-report of the proportion of people in their social network who experience *Financial Insecurity*. The right panel shows the relationship between the proportion of a politician's neighborhood that is affluent and their self-report of the proportion of people in their social network who experience *Unaffordable Healthcare*.

6 Descriptive Statistics for Misperceptions

Given my theory’s emphasis on the policy consequences of underestimating financial hardship, I focus in the main paper on the proportion of Democratic and Republican politicians who underestimate *Financial Insecurity* and *Unaffordable Healthcare*. Here I extend that analysis by providing a broader range of descriptive statistics. Table S3 shows the proportion of politicians from each party who either underestimate *Financial Insecurity* and *Unaffordable Healthcare* by ten or more percentage points, have accurate perceptions that come within ten percentage points of objective reality, or overestimate *Financial Insecurity* and *Unaffordable Healthcare* by ten or more percentage points.

Table S3: Percent who underestimate, are accurate, and overestimate each form of financial hardship

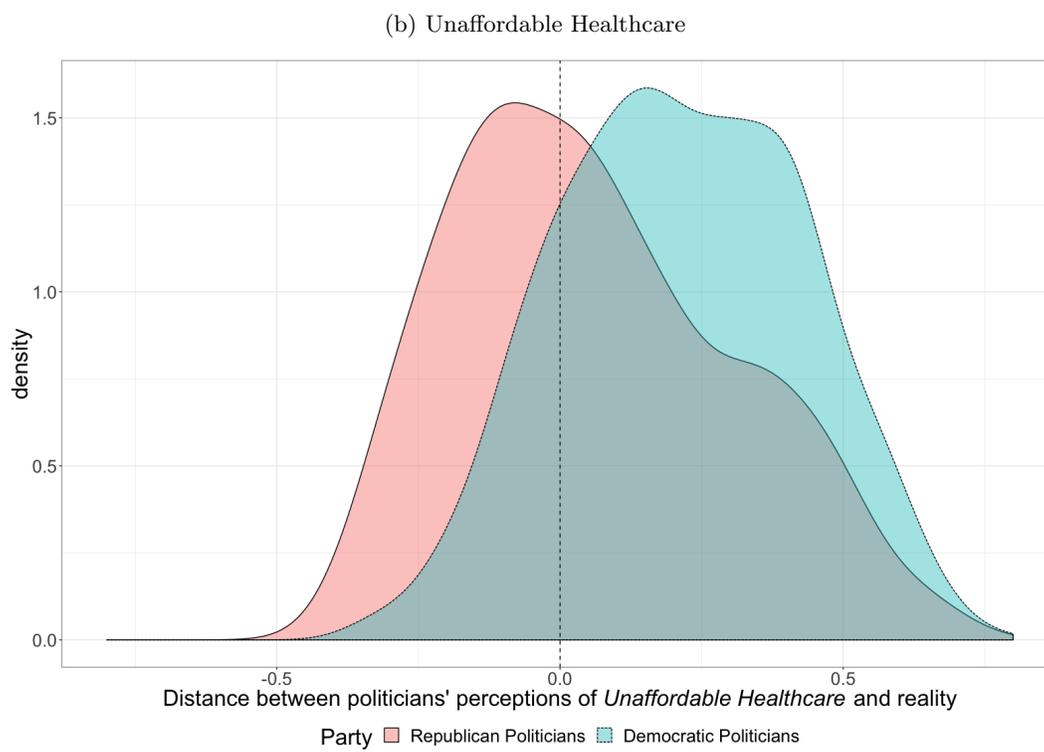
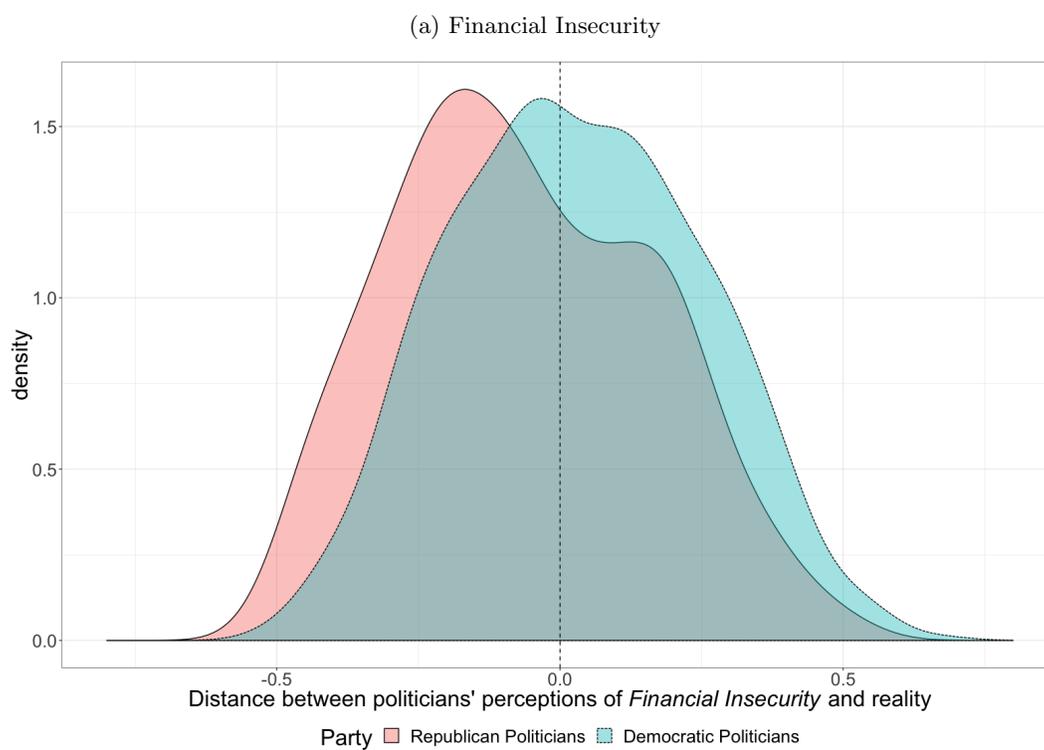
Problem	Democratic Politicians			Republican Politicians		
	Underestimate	Accurate	Overestimate	Underestimate	Accurate	Overestimate
<i>Financial Insecurity</i>	30%	32%	38%	48%	26%	26%
<i>Unaffordable Healthcare</i>	7%	25%	68%	31%	31%	39%

One notable finding here is that most Democrats – 68% – overestimate the prevalence of *Unaffordable Healthcare* in their state. However, this tendency to overestimate *Unaffordable Healthcare* does not appear to play an important role in causing Democratic politicians to support policies that make healthcare more affordable. When I provide Democratic politicians with accurate information about the prevalence of *Unaffordable Healthcare* in the *Policy Experiment* and make them aware that they are overestimating this problem, they do not become less supportive of Medicaid or any of the other healthcare policies asked about in the survey (the results for all policy outcomes are provided in sections eight and nine of the appendix below). However, these null effects do not rule out the need to further consider the consequences of Democratic politicians’ tendency to overestimate *Unaffordable Healthcare*. While I focus in this paper on the policy consequences of underestimating financial hardship, future work can unpack the potential consequences of overestimating financial hardship.

Figure S3 on the following page provides a different perspective with density plots of the distance between politicians’ perceptions and reality. This distance is measured by subtracting politicians’ perceptions of *Financial Insecurity* and *Unaffordable Healthcare* from the actual prevalence of *Financial Insecurity* and *Unaffordable Healthcare* in their state as measured using the SHED data. With this measure, a score of zero indicates that a politician’s perception perfectly matches the actual level of *Financial Insecurity* or *Unaffordable Healthcare*, negative scores indicate that a politician underestimates the prevalence of either *Financial Insecurity* or *Unaffordable Healthcare*, and positive scores indicate that a politician overestimates the prevalence of either *Financial Insecurity* or *Unaffordable Healthcare*.

Once more we see that Republican politicians are more likely than Democratic politicians to underestimate both *Financial Insecurity* and *Unaffordable Healthcare*. We also see Democratic politicians’ tendency to overestimate *Unaffordable Healthcare* but, as noted above, it is unclear whether this has policy consequences. This perspective also shows the striking degree of partisan polarization that exists in politicians’ perceptions of objective social conditions, especially with regard to *Unaffordable Healthcare*. These divergent perceptions of objective social conditions may contribute to the high degree of elite polarization that exists in the United States (Broockman and Skovron 2018).

Fig. S4: Density plots showing distance between politicians' perceptions and reality



7 Observational Tests of the Effects of Isolation

The *Network Experiment* presented in the main paper provides experimental evidence that politicians' isolation within privileged social networks contributes to their tendency to underestimate economic hardship in the states they seek to govern. Here I report additional observational tests of this relationship. Specifically, I ask whether politicians who are more isolated among the privileged are more likely to underestimate *Financial Insecurity* and *Unaffordable Healthcare* in the states they seek to govern.

Measuring Isolation

I use multiple measures of politicians' isolation among the privileged, each of which has different strengths. The first measure is the proportion of a politician's social network who are perceived to be financially secure and not have difficulty affording healthcare. The second measure is the proportion of a politician's neighbors who are affluent.

First, I use the network perception items in Table 2 of the main paper to measure the proportion of a politician's social network who are perceived to be financially secure and not have difficulty affording healthcare. These measures of *Network Isolation* are constructed by reverse coding politicians' answers to the items in Table 2 of the main paper, which ask about the proportion of a politician's social network who are perceived to experience *Financial Insecurity* and *Unaffordable Healthcare*.³ As this measure rises, it indicates that politicians are becoming increasingly isolated among people who do not experience *Financial Insecurity* and *Unaffordable Healthcare*. This perceptual measure directly captures politicians' experience in their lived environment, and reflects the social element of segregation.

Second, I measure the proportion of a politician's neighbors who are affluent. This *Income Segregation* measure, which is also used in section five above, is constructed using each politician's home zip code, which I asked them to self-report as part of the survey. Using the 2010 census, I measure the proportion of households in each of these zip codes that earns more than \$100,000 a year. This measure is similar to those used in previous studies of income segregation (Massey 1996). As this measure rises, it indicates that politicians are becoming increasingly isolated among the affluent in the neighborhoods where they live. This measure is based on objective data rather than subjective perceptions, and captures the geographic element of segregation.

Measuring Perceptions

As in the main text, I define underestimators as those who underestimate the proportion of people experiencing *Financial Insecurity* or *Unaffordable Healthcare* in their state by ten or more percentage points. For each social problem, I construct a binary measure that is coded 1 for politicians who underestimate the social problem by ten or more percentage points, and 0 for politicians who do not.

Statistical Methods

To measure the relationship between isolation and underestimating financial hardship, I use logit models in which the dependent variable is the binary measure for underestimating *Financial Insecurity* or *Unaffordable Healthcare*. The independent variables include the measure of isolation, as well as a set of control variables for standard demographic traits including gender, race/ethnicity, age, education, and income.

³I reverse code politicians' answers to the items in Table 2 of the main paper by subtracting them from 100. For example, a politician who answered that 80% of their personal acquaintances have "skipped necessary healthcare because they were unable to afford it" would get a *Network Isolation* score of 20 for *Unaffordable Healthcare*, while a politician who answered that 20% of their personal acquaintances have "skipped necessary healthcare because they were unable to afford it" would get a *Network Isolation* score of 80 for *Unaffordable Healthcare*.

Results

Table S4 shows the results for the measures of *Network Isolation*, which capture politicians' isolation from those experiencing *Financial Insecurity* and *Unaffordable Healthcare*. There is a robust positive relationship between politicians' level of isolation from these problems and their probability of underestimating their prevalence at the state-level.

Table S4: Effect of Network Isolation

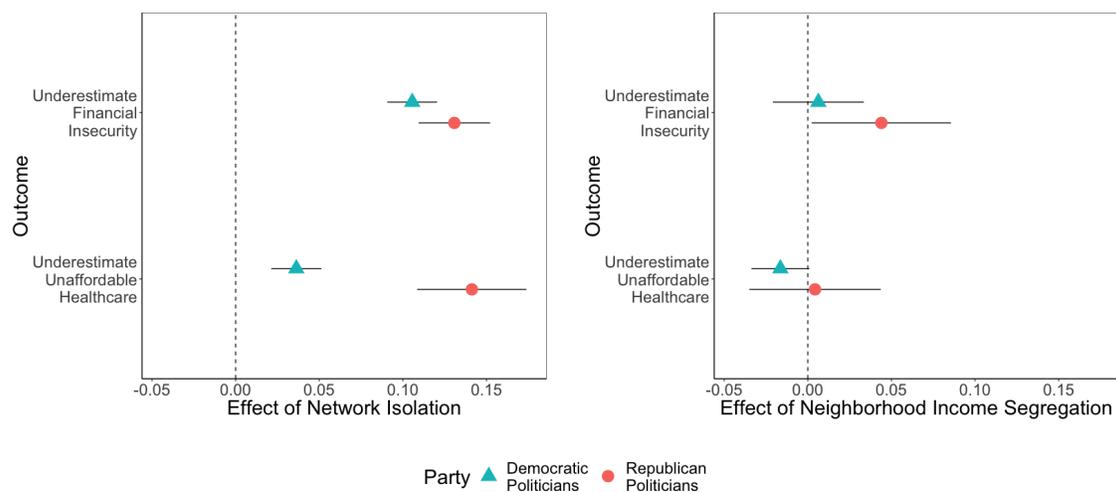
	<i>Financial Insecurity</i>		<i>Unaffordable Healthcare</i>	
	Democrats	Republicans	Democrats	Republicans
Isolation from <i>Financial Insecurity</i>	0.066*** (0.007)	0.073*** (0.010)	–	–
Isolation from <i>Unaffordable Healthcare</i>	–	–	0.060*** (0.012)	0.091*** (0.015)
Demographic Controls Included?	Yes	Yes	Yes	Yes
Num. obs.	660	301	658	302

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$ (two-tailed)

Note: Results from logit models where the outcome is a binary variable coded 1 for politicians who underestimate *Financial Insecurity* or *Unaffordable Healthcare* by ten or more percentage points, and 0 for those who do not. Isolation from *Financial Insecurity* is the proportion of a politicians' personal acquaintances who do not experience *Financial Insecurity*, and Isolation from *Unaffordable Healthcare* is the proportion of a politicians' personal acquaintances who do not experience *Unaffordable Healthcare*.

These effects are visualized in the left panel of Figure S4, which shows the predicted effect of a ten percentage point increase in *Network Isolation* on the probability of underestimating *Financial Insecurity* and *Unaffordable Healthcare*. A ten point increase in isolation from those experiencing *Financial Insecurity* is associated with a 13 point increase ($p < .001$) in Republicans' probability of underestimating *Financial Insecurity*, and an 11 point increase ($p < .001$) for Democrats. A ten point increase in isolation from those experiencing *Unaffordable Healthcare* is associated with a 14 point increase ($p < .001$) in Republicans' probability of underestimating *Unaffordable Healthcare*, and a 4 point increase ($p < .001$) for Democrats.

Fig. S5: Observational tests of the effects of isolation



Note: The left panel shows the predicted effects of a ten point increase in *Network Isolation* on the probability of underestimating *Financial Insecurity* and *Unaffordable Healthcare* (based on the model results in Table S4). The right panel shows the predicted effects of a ten point increase in *Income Segregation* on the probability of underestimating *Financial Insecurity* and *Unaffordable Healthcare* (based on the model results in Table S5). Bars are 95% confidence intervals.

Table S5 shows the results for the measure of neighborhood *Income Segregation*. In alignment with the results observed in the *Network Experiment* in Figure 3 of the main paper, I only observe a statistically significant result here for Republican politicians’ perceptions of *Financial Insecurity*.

Table S5: Effect of Neighborhood Income Segregation

	<i>Financial Insecurity</i>		<i>Unaffordable Healthcare</i>	
	Democrats	Republicans	Democrats	Republicans
Income Segregation	0.003 (0.007)	0.018* (0.009)	-0.026† (0.014)	0.002 (0.010)
Demographic Controls Included?	Yes	Yes	Yes	Yes
Num. obs.	657	303	656	300

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$ (two-tailed)

Note: Results from logit models where the outcome is a binary variable coded 1 for politicians who underestimate *Financial Insecurity* or *Unaffordable Healthcare* by ten or more percentage points, and 0 for those who do not. *Income Segregation* is the proportion of households in a politician’s zip code who have household incomes of more than \$100,000 a year according to the 2010 census.

These effects are visualized in the right panel of Figure S4 as the predicted effect of a ten percentage point increase in neighborhood *Income Segregation* on the probability of underestimating *Financial Insecurity* and *Unaffordable Healthcare*. A ten point increase in the proportion of a Republican politicians’ neighbors who are affluent is associated with a four point increase ($p < .05$) in Republican politicians’ probability of underestimating *Financial Insecurity*. This effect replicates across three different analyses – the *Network Experiment* shown in the main paper, the observational test using the measure of *Network Isolation* shown in Table S4, and the observational test using the census-based measure of *Income Segregation* shown here. This set of results provides consistent evidence that Republican politicians’ isolation among the privileged leads them to underestimate the prevalence of *Financial Insecurity* among those they seek to govern.

8 Wording for All Policy Outcomes

Here I provide the question wording and coding for all outcome measures included in the survey for *Financial Insecurity* and *Unaffordable Healthcare*. I asked three different types of questions. First are Policy Measures that asked politicians their views about specific policies. Second are Responsibility Measures, which asked politicians if they believed that it is the state government's responsibility to alleviate *Financial Insecurity* and *Unaffordable Healthcare* for all residents of the state. Third are Evaluation Measures, which asked politicians to evaluate policy-relevant figures. All items are coded to range from 0 to 1, where 1 indicates the most support. The next section presents results for all measures.

Financial Insecurity Policies

Policy Measures

1. Would you like to see [STATE NAME] increase or decrease the amount spent on providing cash assistance to low-income families? [Increase a lot (1); Increase a little (.75); Neither increase nor decrease (.5); Decrease a little (.25); Decrease a lot (0).]
2. If elected, would you favor or oppose a proposal to raise the minimum wage in [STATE NAME]? [Strongly favor (1); Somewhat favor (.75); Neither favor nor oppose (.5); Somewhat oppose (.25); Strongly oppose (0).]
3. If elected, would you favor or oppose a proposal to eliminate the asset limit for welfare recipients in [STATE NAME]? [Strongly favor (1); Somewhat favor (.75); Neither favor nor oppose (.5); Somewhat oppose (.25); Strongly oppose (0).]

Responsibility Measures

1. Do you agree or disagree with the following statement: It is the responsibility of the [STATE NAME] government to make sure that all [STATE NAME] residents are financially secure? [Agree strongly (1); Agree somewhat (.75); Neither agree nor disagree (.5); Disagree somewhat (.25); Disagree strongly (0).]

Evaluation Measures

1. Welfare recipients in [STATE NAME] must have less than \$[STATE WELFARE ASSET LIMIT] in assets. While this limit is intended to make sure that public resources do not go to asset-rich individuals, it may also discourage welfare recipients from saving money. Do you think the current limit is too high, too low, or about right? [Too low (1); About right (.5); Too high (0).]

Unaffordable Healthcare Policies

Policy Measures

1. Would you like to see [STATE NAME] increase or decrease the amount spent on Medicaid? [Increase a lot (1); Increase a little (.75); Neither increase nor decrease (.5); Decrease a little (.25); Decrease a lot (0).]
2. If elected, would you favor or oppose a proposal to limit how much hospitals in [STATE NAME] can charge low-income patients for necessary medical care? [Strongly favor (1); Somewhat favor (.75); Neither favor nor oppose (.5); Somewhat oppose (.25); Strongly oppose (0).]
3. If elected, would you favor or oppose a proposal to require hospitals in [STATE NAME] to provide reasonable payment plans for patients who are unable to immediately pay for necessary medical care? [Strongly favor (1); Somewhat favor (.75); Neither favor nor oppose (.5); Somewhat oppose (.25); Strongly oppose (0).]

Responsibility Measures

1. Do you agree or disagree with the following statement: It is the responsibility of the [STATE NAME] government to make sure that all [STATE NAME] residents have access to affordable healthcare? [Agree strongly (1); Agree somewhat (.75); Neither agree nor disagree (.5); Disagree somewhat (.25); Disagree strongly (0).]

Evaluation Measures

1. In [STATE NAME] a typical healthcare plan available through the Affordable Care Act has a monthly premium of \$[MONTHLY PREMIUM IN STATE]. Do you think the current premium is too high, too low, or about right? [Too low (0); About right (.5); Too high (1).]

9 Results For All Policy Outcomes

I present results here for all of the outcome measures described above. Table S6 presents the results for the *Policy Experiment* across all the questions I asked about *Financial Insecurity*. The statistical significance of treatment effects is evaluated using OLS regressions in which the policy outcome is regressed on an indicator variable coded 1 for respondents assigned to the treatment group and 0 for respondents assigned to the control group.⁴

Correcting Republican politicians' misperceptions about *Financial Insecurity* causes them to become more supportive of two of the three financial security policies asked about in the survey: increasing spending on cash assistance to low-income families and eliminating the asset limit on welfare recipients.⁵ Correcting Republican politicians' misperceptions causes a six percentage point increase ($p < .05$) in their level of support for increasing government spending on cash assistance to low-income families, and an eight percentage point increase ($p < .05$) in their support for eliminating the asset limit on welfare recipients. There continues to be no statistically significant effects on Democratic politicians.⁶

There are several possible mechanisms behind the effects on Republican politicians. One is ideological: Conservatives tend to view individuals as being personally responsible for their own financial wellbeing, and generally reject the belief that it is the government's responsibility to make people financially secure (Whener and Gerson 2014). Perhaps the treatment changes this ideological belief, leading conservatives to become more supportive of social welfare policies.

This mechanism is not supported by the data. I find no change in Republican politicians' belief that it is the state government's responsibility to make sure that all state residents are financially secure. Almost no Republican politicians support this belief in either the control or the treatment.

Another possible mechanism concerns policy evaluation. A core part of legislators' jobs involves evaluating the details of policies to understand how those policies will affect the lives of those they govern. Perhaps the treatment changes how Republican politicians evaluate policy details in ways that make them more attuned to the needs of low-income families that are struggling to attain financial security.

This mechanism is supported by the data. As part of the *Policy Experiment*, I asked politicians to evaluate the actual welfare asset limit in their state. I find that the treatment increases Republican politicians' belief that the current welfare asset limit in their state is "too low" by nine percentage points ($p < .01$). Such changes in how Republican politicians evaluate concrete policy details likely help to explain why Republican politicians in the treatment become more supportive of policy changes that are aimed at enhancing state residents' financial security.

Table S7 shows that the effects of the treatment on Republican politicians' support for *Unaffordable Healthcare* policies are more limited, appearing only for increasing spending on Medicaid. As noted in the main paper, this finding is still of substantial policy significance given that Medicaid is the most important government program for providing healthcare for low-income families (Michener 2018). Democratic politicians continue to show no effects across all of the *Unaffordable Healthcare* measures.

⁴The results are consistent when controls are included in the regression model for standard demographic and political traits.

⁵These asset limits mandate that state residents must have less than a specified amount of financial assets in order to receive welfare, and range from state to state. For example, Georgia residents may only receive welfare if they have less than \$1,000 in assets, while Nevada residents may receive welfare as long as they have less than \$6,000 in assets. As noted in a report by Pew Charitable Trusts (2016), "Experts, advocates, and policymakers have long debated the merits and effectiveness of these asset limits, particularly as they relate to TANF (Temporary Assistance for Needy Families). Some advocates argue that imposing asset limits harms families attempting to gain financial security, while others maintain that people with substantial assets should not qualify for government assistance (2)."

⁶I run additional OLS regression analyses where the indicator variable for being in the treatment group is interacted with an indicator variable for being a Republican politician. This allows me to test whether there is a significant difference between the effects on Democratic and Republican politicians. In every instance where there is a statistically significant effect on Republican politicians in Tables S6 and S7, there is (with one exception) at least a marginally significant ($p < .10$) difference between the effect on Republican politicians and the effect on Democratic politicians. The one exception is support for eliminating the asset limit on welfare recipients, for which the effects on Republican and Democratic politicians are not significantly different from one another at either the $p < .05$ or $p < .10$ thresholds.

Table S6: Policy Experiment Results – Financial Insecurity

Type	Outcome	Democratic Politicians			Republican Politicians		
		Control	Treatment	Effect	Control	Treatment	Effect
Policy	Increase government spending on cash assistance	0.80	0.81	0.01	0.39	0.45	.06*
	Raise state-level minimum wage	0.91	0.93	0.02 [†]	0.21	0.20	-0.01
	Eliminate asset limit on welfare recipients	0.62	0.65	0.03	0.34	0.42	.08*
Responsibility	Financial security for all is government responsibility	0.58	0.56	-0.02	0.16	0.16	0.00
Evaluation	Asset limit on welfare recipients is too low	0.78	0.78	0.00	0.62	0.71	.09**

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$ (two-tailed)

Table S7: Policy Experiment Results – Unaffordable Healthcare

Type	Outcome	Democratic Politicians			Republican Politicians		
		Control	Treatment	Effect	Control	Treatment	Effect
Policy	Increase government spending on Medicaid	0.88	0.87	-0.01	0.39	0.46	.07*
	Limit hospital charges for low-income patients	0.84	0.86	0.02	0.49	0.48	-0.01
	Require hospital pay plans for those unable to pay	0.91	0.92	0.01	0.82	0.83	0.01
Responsibility	Affordable healthcare for all is government responsibility	0.95	0.95	0.00	0.42	0.39	-0.03
Evaluation	ACA premium is too high	0.94	0.93	-0.01	0.72	0.72	0.00

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$ (two-tailed)

10 College Tuition Analysis

In addition to measuring politicians' perceptions of *Financial Insecurity* and *Unaffordable Healthcare*, I also measured politicians' perceptions of a third problem: the high cost of attending elite public universities (*College Tuition*). To measure politicians' perceptions of this problem, I asked them the following: "To the best of your knowledge, what percentage of students needs to take out student loans in order to graduate from [NAME OF STATE FLAGSHIP PUBLIC UNIVERSITY]?" For example, politicians running for office in California would be asked "what percentage of students needs to take out student loans in order to graduate from the University of California, Berkeley."⁷

There is an important substantive difference between this social problem and those analyzed in the main paper. While *Financial Insecurity* and *Unaffordable Healthcare* disproportionately affect low-income families, the problems posed by high *College Tuition* disproportionately affect middle-class families. Students from middle class families are generally too affluent to qualify for financial aid, but not affluent enough to pay for college out of pocket, making them the primary consumers of student loans (Houle 2013). There is thus reason to expect that politicians will not underestimate the problems associated with high *College Tuition*: They may be isolated within privileged social networks and still know quite a few families who require loans to afford the tuition at the state's best – and typically most expensive – public university.

The results align with this perspective. Politicians are less likely to underestimate the problems posed by high *College Tuition* than they are to underestimate either *Financial Insecurity* or *Unaffordable Healthcare*. Only 16% of Republican politicians and 8% of Democratic politicians underestimate the proportion of students who require loans to graduate from their state's flagship public university by ten or more percentage points. When I randomly assigned half of politicians to think about their own social networks in the *Network Experiment*, it did not cause an increase in either party's tendency to underestimate the problems posed by high *College Tuition*. When I randomly assigned half of politicians to receive accurate information in the *Policy Experiment*, it did not affect either party's views of policies that might make tuition more affordable, such as limiting tuition increases or providing more funding to public universities.

In combination with the results provided in the main paper, these results provide suggestive evidence that economic segregation leads politicians to ignore problems that disproportionately affect low-income families (like *Financial Insecurity* and *Unaffordable Healthcare*), without necessarily leading them to ignore problems that disproportionately affect middle class families (like high *College Tuition*). This aligns with other recent work on American politics. For example, Reeves (2017) describes how politicians from both parties often focus their attention on problems facing the "upper middle class," including the affordability of selective colleges. If politicians focus their attention on problems that affect the relatively well-off, then they are likely to further reinforce inequality (Reeves 2017). [The analysis plan for the *Policy Experiment* that I registered with Evidence in Governance and Politics (ID no. 20180724AA) describes my original expectation that correcting politicians' misperceptions of college affordability would increase their support for policies that make college more affordable. As noted above, I do not find this to be the case. This is likely to be because so few politicians underestimate the problems posed by high *College Tuition*.]

⁷I present this analysis separately from the analyses of *Financial Insecurity* and *Unaffordable Healthcare* in part because it relies on different data, making it somewhat difficult to compare the pattern of results across all three problems. While I measured the prevalence of *Financial Insecurity* and *Unaffordable Healthcare* using individual-level data from the SHED survey (as described in section 1 above), I measured the unaffordability of *College Tuition* using institution-level data from the Princeton Review, a private firm that collects and distributes data about colleges and universities. This decision was necessitated by the absence of data in the SHED survey measuring the affordability of college.

11 References

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