A New Framework for Random Effects Models

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Abstract

A different general philosophy, to be called Full Randomness (FR), for the analysis of random effects models is presented, involving a notion of reducing or preferably eliminating fixed effects, at least formally. For example, under FR applied to a repeated measures model, even the number of repetitions would be modeled as random. It is argued that in many applications such quantities really are random, and that recognizing this enables the construction of much richer, more probing analyses. Methodology for this approach will be developed here, and suggestions will be made for the broader use of the approach. It is argued that even in settings in which some factors are fixed by the experimental design, FR still “gives the right answers.” In addition, computational advantages to such methods will be shown.

1. Overview

As a simple starting example, consider the classic random effects model [5], with data \( Y_{ij} \) modeled as

\[
Y_{ij} = \mu + \alpha_i + \epsilon_{ij}, \quad i = 1, \ldots, r, \quad j = 1, \ldots, n_i
\]

for an unknown constant \( \mu \) and with \( \alpha_i \) and \( \epsilon_{ij} \) modeled as random variables having mean 0 and variances \( \sigma^2_\alpha \) and \( \sigma^2_\epsilon \) respectively. These random variables are assumed independent across \( i \) and \( j \), though assumptions will generally not be made here about their distributions.

The present paper advocates treating quantities such as the \( n_i \) as random variables, using a capital letter to emphasize this, \( N_i \):

\[
Y_{ij} = \mu + \alpha_i + \epsilon_{ij}, \quad i = 1, \ldots, r, \quad j = 1, \ldots, N_i
\]

As seen below, we will also treat regressor variables, if any, to be random.

In short, the goal of this paper is to encourage analysts to model all quantities as random, even in most cases those fixed by experimental design. Advantages to this approach will turn out to include:

- Much richer, more probing analyses can be devised.
- The derivation of estimators and their standard errors can be simplified.
- For some large problems, the computation for fully random models can be parallelized, under a method known as Software Alchemy.
2. Advantages of Treating the Ordinarily-Fixed Quantities As Random

Let’s begin with the $N_i$. Why model them as random?

As a motivating example of the topic here, consider recommender systems [13], such those that might be applied to the Movie Lens data [4], with ratings of many movies by many users. If one views this ratings data in matrix form, as do Gao and Owen [3] and Perry [12], with rows and columns corresponding to users and movies, respectively, then the matrix is sparse: In the notation of [3], $z_{ij} = 0$ for most $i$ and $j$, where $z_{ij}$ is an indicator variable for whether user $i$ has rated movie $j$. The authors in that paper consider the users to be a random sample from the potential population of all users, and similarly for the movies, and thus use a random effects model.

Details on that model will be presented shortly, but for now, let’s consider only the users, not the movies. Then we might model the data using (1) or (2), with $\sigma^2_a$ being a measure of ratings variability from user to user.

Our FR approach might be used, for instance, if we suspect that users who rate a lot of movies become jaded, thus tending to give lower ratings. In other words, there may be a statistical relation between $N_i$ and $\alpha_i$. If such a relation were established, we may wish to discount the ratings of users having large $N_i$.

To investigate this, it is natural to model the $N_i$ as having their own effects, just as we do for the $\alpha_i$, say with a model

$$Y_{ij} = c_1 + c_2 N_i + \alpha_i + \epsilon_{ij}, \ i = 1, r, j = 1, ..., N_i$$  \hspace{1cm} (3)

The quantities $\alpha_i$ and $\epsilon_{ij}$ are now assumed independent conditional on $N_i$, and their variances, $\sigma^2_a$ and $\sigma^2_\epsilon$, are now conditional on $N_i$ as well. The $N_i$ are considered i.i.d. The quantity $\alpha_i$ now represents the overall rating tendency for user $i$, after the effect of count of ratings has been removed.

The modeling of the $N_i$ as a variance component could be useful in many different application fields. It is known, for example, that there is a negative correlation between family size and household income [1]. If the observation units in a study are children within families, it would be thus useful to incorporate the number of children $N_i$ into the analysis. A study of workers at various companies may be similar to this.

It is common to include linear-model terms into (1):

$$Y_{ij} = x' \gamma + \alpha_i + \epsilon_{ij}, \ i = 1, r, j = 1, ..., n_i$$  \hspace{1cm} (4)

for a vector of known regressors $x$ and unknown constant vector $\gamma$. (Our old term $\mu$ is now folded in by inserting a 1 element in $x$.) But it may be helpful to consider the regressors random also, so that our model becomes

$$Y_{ij} = X_i' \gamma + \alpha_i + \epsilon_{ij}, \ i = 1, r, j = 1, ..., N_i$$  \hspace{1cm} (5)

where again the use of a capital letter indicates a random variable, with the $X_i$ i.i.d.

\footnote{Actually, there is negative relation like this for the Movie Lens data, with the quantities $\sum_{j=1}^{N_i} Y_{ij}/N_i$ having a statistically significant but small relation to $N_i$}
In (4), we may even wish to reverse the usual prediction relationship, predicting one or more of the regressors from the \( Y_{ij} \). In the case of recommender systems, for example, the analyst may wish to infer certain information about the user. Some values of the regressors may be missing, for instance, and we may wish to impute them using the other variables. This would be even more reason to treat the regressors as random.

### 3. Multicomponent Models

The approach can also be used in models with more than one variance component. For instance, consider the model used by [3] with the movie data,

\[
Y_{ij} = \mu + \alpha_i + \beta_j + \epsilon_{ij}, \quad i = 1, ..., r, \quad j = 1, ..., c, \quad Z_{ij} = 1
\]

Here \( r \) is the number of users and \( c \) is the number of movies.

Applying our method to this model, we treat the \( Z_{ij} \) as random variables \( Z_{ij} \),

\[
Y_{ij} = \mu + \alpha_i + \beta_j + \epsilon_{ij}, \quad i = 1, ..., r, \quad j = 1, ..., c, \quad Z_{ij} = 1
\]

and define the row and column observation counts,

\[
N_i = \sum_{j=1}^{c} Z_{ij}
\]

\[
M_j = \sum_{i=1}^{r} Z_{ij}
\]

The \( N_i \) and \( M_j \) are then random as before.

We might also bring in random regressors, for both users and movies:

\[
Y_{ij} = \mu + U_i' \gamma + V_j' \eta + \alpha_i + \beta_j + \epsilon_{ij}, \quad i = 1, ..., r, \quad j = 1, ..., m, \quad Z_{ij} = 1
\]

### 4. Estimation Methodology

The Method of Moments (MM) is an attractive approach here, as it will enable estimation of, for instance, \( \sigma^2_a \) in (2) without assuming a particular distribution family for the \( \alpha_i \) [2] [9] [3].

Let’s take (2) as our example, using

\[
Y_{i.} = \sum_{j=1}^{N_i} Y_{ij}, \quad i = 1, ..., r
\]

as our pivot quantity. It will be very helpful to define generic versions of the variables: Let \( Y, N, \alpha, \epsilon \) and \( S \) have the same distributions as \( Y_{ij}, N_i, \alpha_i, \epsilon_{ij} \) and \( Y_{i.} \).
Also, let \( \epsilon_j, j = 1, 2, \ldots \) be i.i.d. with the distribution of \( \epsilon \). Then write
\[
S = N\mu + N\alpha + \epsilon_1 + \ldots + \epsilon_N \tag{12}
\]

Now apply the “Pythagorean Theorem for Expectations,”
\[
Var(U) = E[Var(U|V)] + Var[E(U|V)] \tag{13}
\]
to (12). First,
\[
E[Var(S | N)] = E\left[N^2\sigma^2_\alpha + N\sigma^2_e\right] = (\nu_2 + \nu^2_1)\sigma^2_\alpha + \nu_1\sigma^2_e \tag{14}
\]
where \( \nu_1 \) and \( \nu_2 \) are the population mean and variance of \( N \).

Next,
\[
Var[E(S | N)] = \mu^2\nu_2 \tag{16}
\]
In other words,
\[
Var(S) = (\nu_2 + \nu^2_1)\sigma^2_\alpha + \nu_1\sigma^2_e + \mu^2\nu_2 \tag{17}
\]
Also,
\[
Var(Y) = \sigma^2_\alpha + \sigma^2_e \tag{18}
\]
We have 5 unknowns to estimate — \( \sigma^2_\alpha, \sigma^2_e, \mu, \nu_1 \) and \( \nu_2 \) — and thus need 5 equations for MM. (17) and (18) provide the right-hand sides of 2 equations, with the left-hand sides being the sample variances of the \( Y_i \) and the \( Y_{ij} \), respectively. The other 3 equations come quite simply: We estimate the \( \nu_m \) by the sample mean and variance of \( N \), and estimate \( \mu \) by \( Y_./M \), where \( M = N_1 + \ldots + N_r \).

The estimation of more advanced models can be approached similarly, i.e. deriving expressions for variances and means, typically with the aid of the “Pythagorean Theorem.”

In the regression setting (5), since we have
\[
EY_{ij} = X_i'\gamma \tag{19}
\]
we can estimate \( \gamma \) separately using standard linear model methods, and proceed as before.

Note, though, that with the FR approach, MM equations may be nonlinear. For example, consider (3). The details will not be presented here, but the key points are as follows: The term \( N\mu \) in (12) now becomes
\[
N(c_1 + c_2N) = c_1N + c_2N^2 \tag{20}
\]
Taking the variance of this quantity then brings in the third and fourth moments of \( N \), and produces product terms such as \( c_1 c_2 \). The former issue is no problem, as the moments are readily estimated from the \( N_i \), but the latter issue means we are now dealing with nonlinear equations in the parameters to be estimated. Computation then must be done iteratively.

It is convenient to not write explicit expressions for the variance of (20), but simply write

\[ \text{Var}(c_1 N + c_2 N^2) \quad (21) \]

At each iteration, we take our current estimates of the \( c_k \), and compute the sample variance of the quantities

\[ c_1 N_i + c_2 N_i^2 \quad (22) \]

as our estimate of (21).

5. What If the Quantities Are Not Random?

In many applications of random effects models, quantities such as \( n_i \) and \( x_i \) above are fixed in the experimental design. However, one can show that typically the same estimators emerge, whether one assumes a random \( N_i \) or fixed \( n_i \). The same is true for regressors.

As a quick example, consider (1). Instead of (17), we have

\[ \text{Var}(Y_{i.}) = n_i^2 \sigma_a^2 + n_i \sigma_e^2 \quad (23) \]

Also, \( EY_{i.} = n_i \mu \).

Say we set up MM by equating the sample average of the \( Y_{i.}^2 \) to its expectation. The latter would be

\[
\frac{1}{r} \sum_{i=1}^{r} \left[ \text{Var}(Y_{i.}) + (EY_{i.})^2 \right] = \frac{1}{r} \sum_{i=1}^{r} \left[ n_i^2 \sigma_a^2 + n_i \sigma_e^2 + (n_i \mu)^2 \right] \quad (24)
\]

Even without algebraic simplification, it’s clear that the result will be essentially the same as that obtained for the random \( N_i \) model. For instance, the term

\[
\frac{1}{r} \sum_{i=1}^{r} n_i^2 \sigma_a^2 \quad (25)
\]

corresponds to the term

\[
(n_2 + n_1^2) \sigma_a^2 \quad (26)
\]
in (17). In essence, the above derivation is implicitly treating the (constant) row counts as random, having a uniform distribution on \( \{n_1, \ldots, n_r\} \).

The significance of this is that one can enjoy the benefits of the FR approach (Sections 6 and 7) even if the quantities truly are fixed.
6. Advantages of FR: Simplified Derivation of MM Equations

Equations in random effects analysis can become quite complex. Note for instance the conditions needed merely to establish consistency in [6].

This complexity certainly includes the settings of MM estimation. For instance, even in the simplest model, (17) seems rather complicated in its form here, but is even more sprawling if the \( n_i \) are taken as fixed. We argue here that our FR method can greatly ease the derivation of the MM equations.

This is especially true in light of our use of generic variables, as in (12), which can reduce large amounts of equation clutter. Consider for example the model (6). Suppose we need to find the covariance between \( Y_k \) and \( Y_m \). Once again, the details will not be shown here, but a glance at (12) shows that when we will apply the covariance form of the “Pythagorean Theorem,” the key quantity will be distributed as

\[
\beta_1 + \ldots + \beta_T
\]

where \( T \) is the number of columns that rows \( k \) and \( m \) have in common. The distribution of \( T \) can be estimated empirically, as we did for \( N \) above. The point is that all this can be done without any explicit writing of the \( Z_{ij} \). The difference in complexity of expressions between the FR and fixed-\( z_{ij} \) approaches will be quite substantial.

7. Computational Benefits

In random-effects modeling applications involving very large data sets, a major concern is computation time and space. As noted in [3], the REML method of estimation in a two-component model, for example, requires \( O(d^3) \) time and memory space, where \( d \) would be either \( r \) or \( c \) in the movie ratings example above. Indeed, [11] reported that “SAS PROC MIXED ran out of memory when we attempted to fit a model with random smoking effects.”

A method that I call Software Alchemy [8] can help remedy both time and memory problems in contexts of i.i.d. data, using a very simple idea. Say we are estimating a population value \( \theta \), typically vector-valued. One breaks the data into \( g \) approximately equal-size chunks, finds \( \hat{\theta} \) on each one, and then takes the one’s overall estimate to be

\[
\bar{\theta} = \frac{1}{g} \sum_{i=1}^{g} \hat{\theta}_i
\]

This changes the original problem into an “embarrassingly parallel” computational problem, i.e. easy to compute in parallel, say on \( g \) machines in a cluster or on \( g \) cores in a multicore machine.

This speeds up computation by a factor of \( g \), and since each \( \hat{\theta} \) requires only \( 1/g \) of the memory space requirement, the method may remedy memory limitation problems in cluster settings. In fact, the same is true even on a single-core machine, since one would still need only \( 1/g \) of the memory space requirement at each iteration.

The procedure also gives us a mechanism for empirical computation of standard errors.
It is shown in [8] that if $\hat{\theta}$ is asymptotically normal, then the same will be true for $\tilde{\theta}$, and moreover, the latter will have the same asymptotic covariance matrix as the former. Thus no statistical efficiency is lost.

The point then is that this can be applied profitably to random-effects models — if the i.i.d. requirement of Software Alchemy is satisfied. By making quantities like the $N_i$ random, this can be done in many cases.

Consider the model (2), for instance. A set of key quantities in the estimation procedure consists of the $Y_i$. By modeling the $N_i$ as i.i.d., the same will be true for the $Y_i$, and Software Alchemy can used.

Now consider (7), a more subtle setting. Let $W_1, W_2, \ldots$ denote the $Y_{ij}$, arranged in the order in which the ratings are submitted, and write

$$W_m = \mu + \alpha I_m + \beta J_m + \epsilon_m, m = 1, 2, \ldots \tag{29}$$

where the $I_m$ and $J_m$ are now drawn in an i.i.d. manner from distributions on 1,...,r and 1,...,c. Assuming that submissions come in to the rating site in an i.i.d. manner, this structure is reasonable. We can then divide the $W_m$ into chunks, estimate $\mu, \sigma^2_\alpha$ and $\sigma^2_\epsilon$ as before on each chunk, then average over chunks.

8. Relation to Mixing Distributions

Note that random effects models can be viewed in terms of mixing distributions, with the advantage, for example, that the entire distribution of $\alpha$ might be estimated, rather than just its variance [7] [10]. This might be used to develop prediction intervals, say for a continuous $Y$.

9. Conclusions

This paper has presented Full Randomness, a proposed framework for the enhanced analysis of random effects. FR enables the formation of richer models of the phenomena under study, simplifies derivations of complex models, and can facilitate parallel speedup of computation. Many further directions in methodology could be explored under this framework, with applications to a number of specific fields, such as the aforementioned collaborative filtering.

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In [8], it is remarked that the theory could be extended to the context of independent but nondentically distributed observations. However, this would necessitate defining complex application-specific conditions, plus the determination of proper weights. All of this may be infeasible in complex random-effects applications.
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