2019 Predictive Analytics Symposium

Session 12: B/I - Dangers of Overfitting; Myths and Facts of Predictive Analytics (PA)

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[SOA Presentation Disclaimer]

Dangers of Overfitting in Predictive Analytics

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Global Research and Data Analytics

Agenda

01 **Motivation**

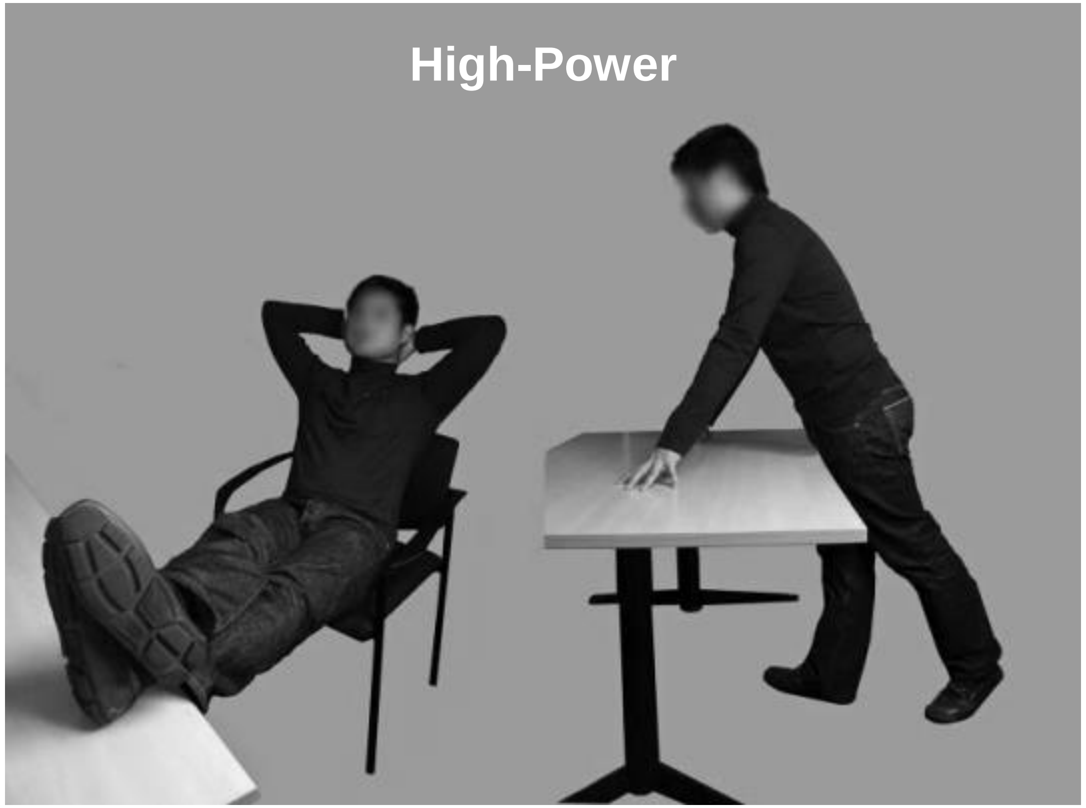
02 What is Overfitting?

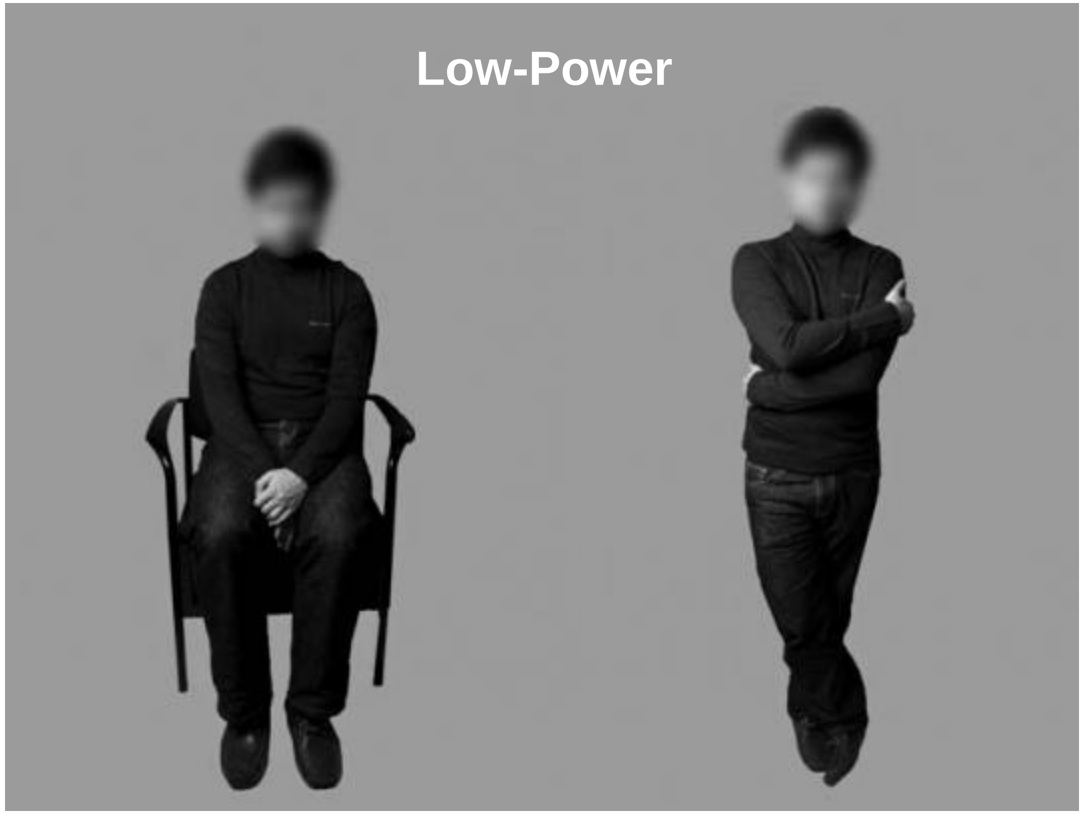
03 When Does Overfitting Occur?

04 How Do You Prevent Overfitting?

Power Posing

Power Posing: Brief Nonverbal Displays Affect Neuroendocrine Levels and Risk Tolerance
Authors: Dana R. Carney , Amy J.C. Cuddy, and Andy J. Yap





Power Posing

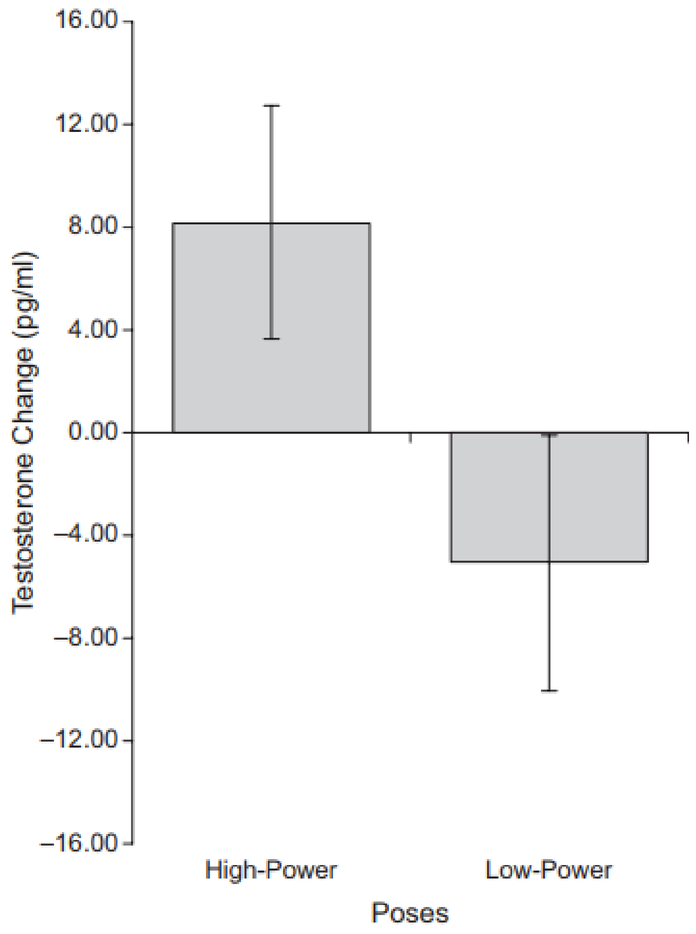


Fig. 3. Mean changes in the dominance hormone testosterone following high-power and low-power poses. Changes are depicted as difference scores (Time 2 – Time 1). Error bars represent standard errors of the mean.

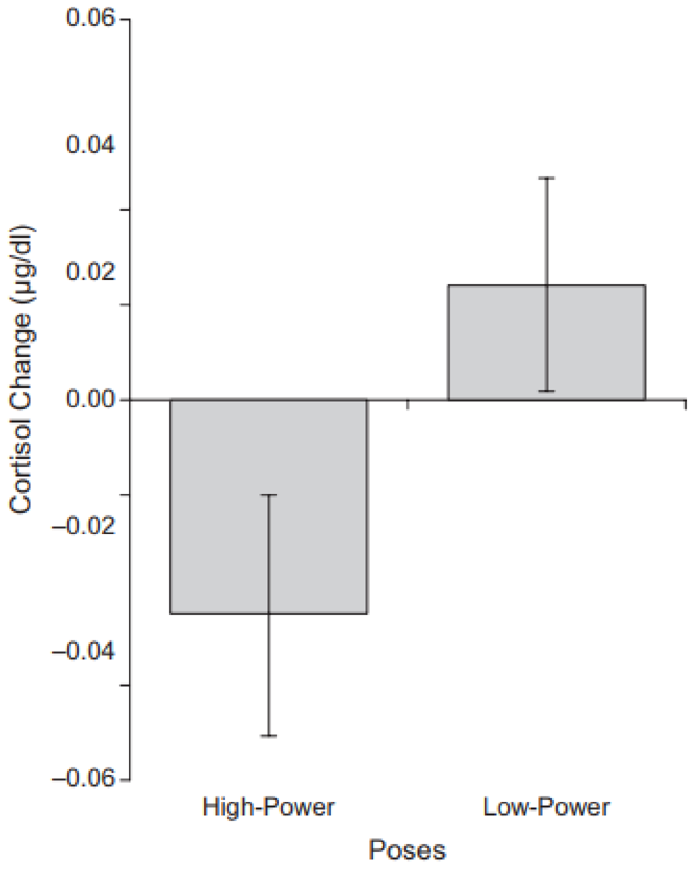
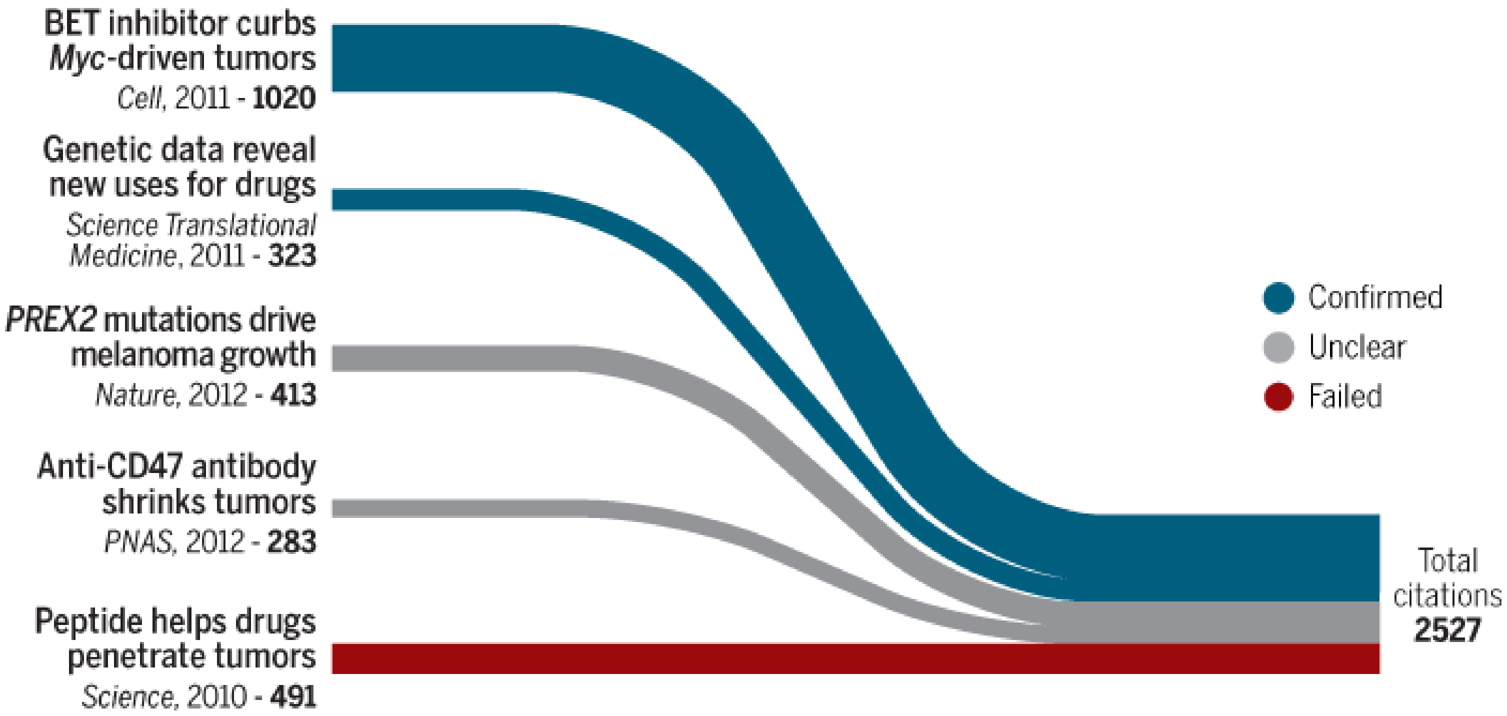


Fig. 4. Mean changes in the stress hormone cortisol following high-power and low-power poses. Changes are depicted as difference scores (Time 2 – Time 1). Error bars represent standard errors of the mean.

Findings

Increased testosterone levels/lower cortisol levels among high-power posers

Power Posing



Power pose is not unique.

In 2015, two thirds of psychology studies failed replication tests.

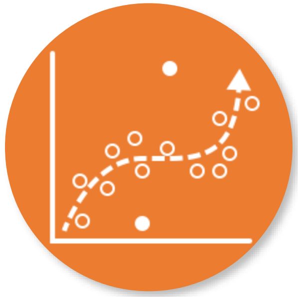
Cancer studies have faced similar problems with non-replicable findings.

Science, "Rigorous replication effort succeeds for just two of five cancer papers," http://www.sciencemag.org/news/2017/01/rigorous-replication-effort-succeeds-just-two-five-cancer-papers *accessed August 18, 2018.*

Motivation: Building Predictive Models

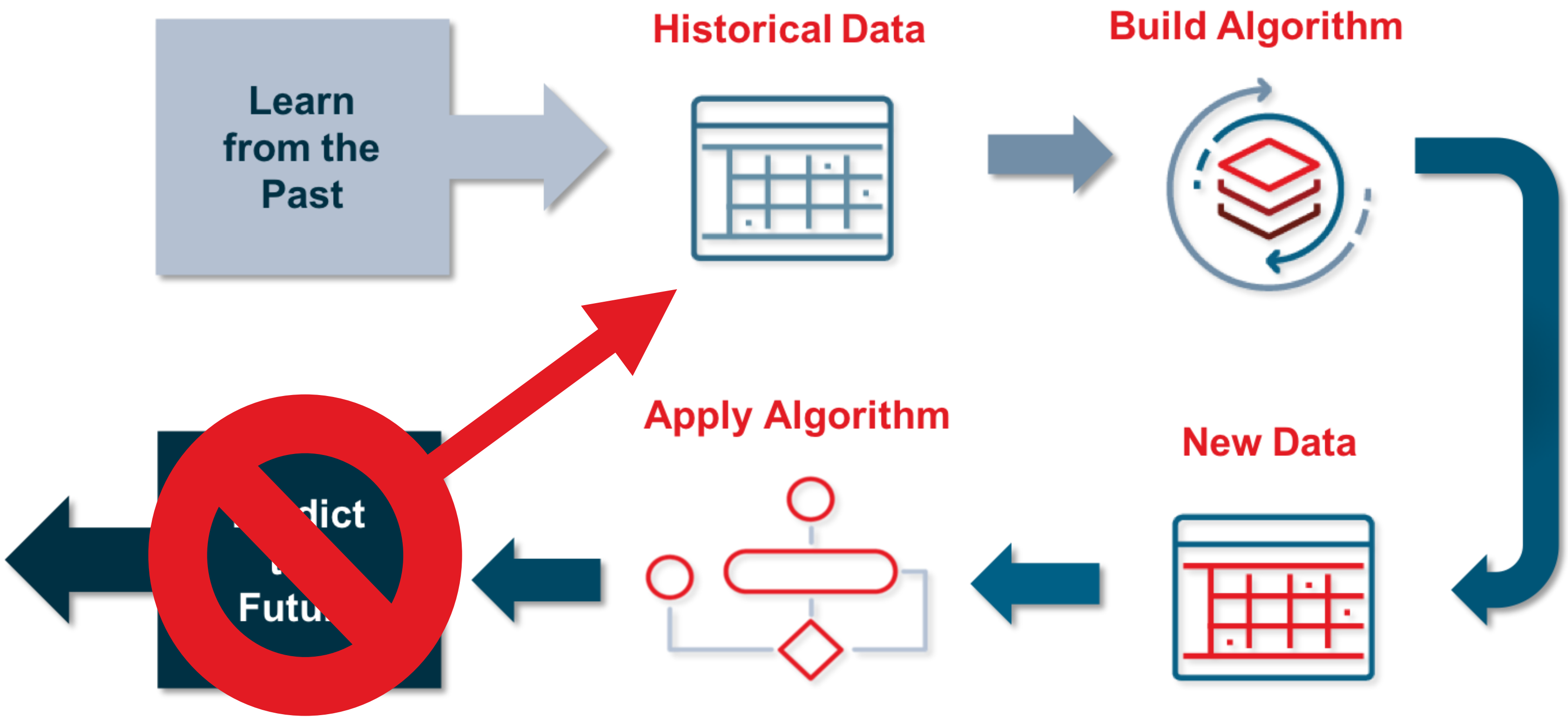
We are asked to build predictive models

We are given a fixed set of data



PROBLEM: How do we know our model will predict new data reasonably well?

Motivation: Building Predictive Models



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02 **What is Overfitting?**

03 When Does Overfitting Occur?

04 How Do You Prevent Overfitting?

Overfitting Definition

"The problem of capitalizing on the idiosyncratic characteristics of the sample at hand. Overfitting yields overly optimistic model results: "findings" that appear in an overfitted model don't really exist in the population and hence will not replicate." (Babyak, 2004)

One of many definitions

Text from *Babyak 2004: What you see may not be what you get: a brief, nontechnical introduction to overfitting in regression-type models.*

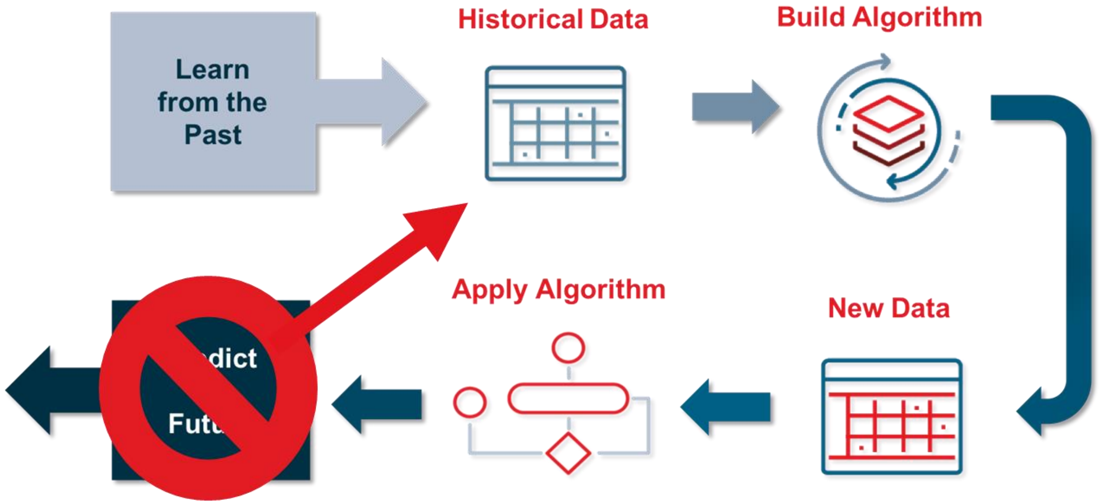
Agenda

When Does Overfitting Occur?

Generally, overfitting occurs due to analyst oversight in two key areas:

Researcher degrees of freedom (also known as procedural overfitting, data dredging, p-hacking, etc.)

Asking too much from the data (model complexity)

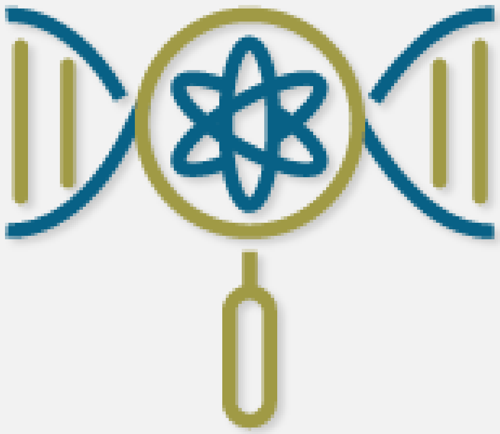


When Does Overfitting Occur?

Example:

Dataset of 1000 individuals for a weight-loss biomarker study with three time points

Researcher Degrees of Freedom



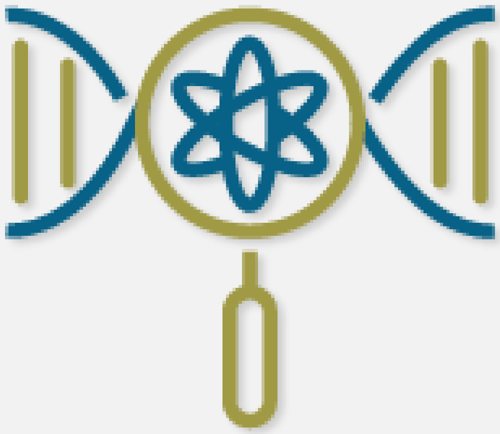
Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage.*

When Does Overfitting Occur?

Bob performs some simple data exploration.

He first uses data visualization to investigate the average activity of all the genes across all the individuals at each of the time points, and **observes that there is very little difference** between time 1 and 2 and there is a **large jump between** time 2 and 3 in the average activity.

So **he decides** to focus on these later two time points.

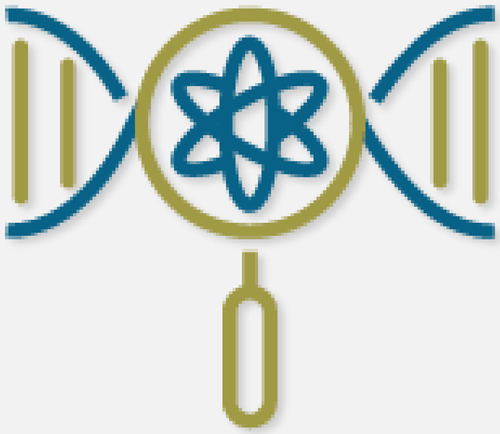


Researcher Degrees of Freedom

Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage. The word "expression" was replaced with "activity" for simplification.*

When Does Overfitting Occur?

Next, he realizes that **half of the genes** always have low activity values and decides to simply filter them out.



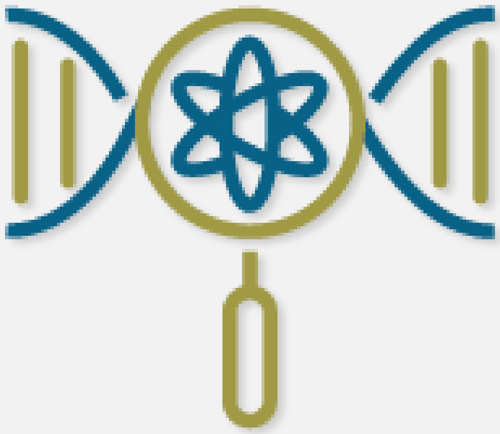
Researcher Degrees of Freedom

Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage.*

When Does Overfitting Occur?

Finally, he **computes the correlations** between the activity of the 1000 post-filtered genes and the weight change between time 2 and 3.

He selects the gene with the largest correlation and reports its value.



Researcher Degrees of Freedom

RGA | Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage.*

What did Bob do wrong?

When Does Overfitting Occur?

The culprit is a construct we refer to as researcher degrees of freedom. In the course of collecting and analyzing data, researchers have many decisions to make:

- Should more data be collected?
- Should some observations be excluded?
- Which conditions should be combined and which ones compared?
- Which control variables should be considered?
- Should specific measures be combined or transformed or both?

Text from *Simmons, Nelson, and Simonsohn 2011: False-Positive Psychology*. List format added to the presentation for clarity.

When Does Overfitting Occur?

Bob performs some simple data exploration.

He first uses data visualization to investigate the average activity of all the genes across all the individuals at each of the time points, and **observes that there is very little difference** between time 1 and 2 and there is a **large jump between** time 2 and 3 in the average activity.

So **he decides** to focus on these later two time points.

Researcher Degrees of Freedom

Research design decisions shouldn't be contingent on observed results. Use previous experience or knowledge to guide analysis choices.

Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage. The word "expression" was replaced with "activity" for simplification.*

When Does Overfitting Occur?

Next, he realizes that **half of the genes** always have low activity values and decides to simply filter them out.

Researcher Degrees of Freedom

What are "low" activity values? These decisions may be arbitrary. If they're determined by this dataset, it may not generalize.

Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage. The word "expression" was replaced with "activity" for simplification.*

When Does Overfitting Occur?

Finally, he **computes the correlations** between the activity of the 1000 post-filtered genes and the weight change between time 2 and 3.

He selects the gene with the largest correlation and reports its value.

Researcher Degrees of Freedom

The resulting "largest" correlation is built upon the series of analysis choices made before it. Again, may not generalize.

Example and text from *Russo and Zou 2016 How much does your data exploration overfit? Controlling bias via information usage. The word "expression" was replaced with "activity" for simplification.*

When Does Overfitting Occur?

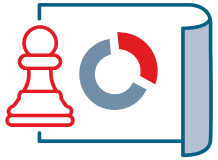
Researcher Degrees of Freedom

- Make research design decisions before analyzing the data
- Where applicable, use subject matter knowledge to inform data aggregation (i.e., age groups)
- Limit the exclusion of data
- Validate your results (discussed later in the presentation)

Strategies to Minimize Researcher Degrees of Freedom

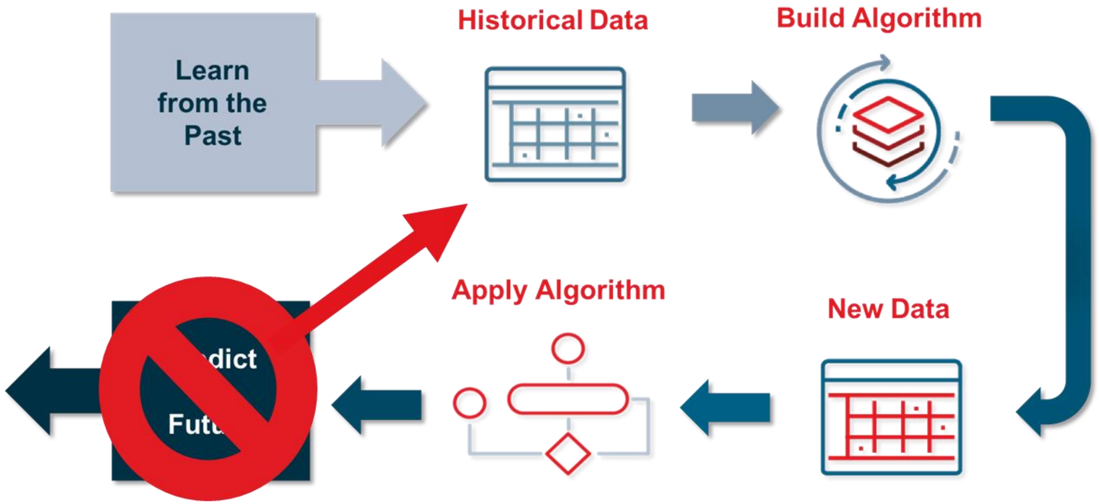
When Does Overfitting Occur?

Generally, overfitting occurs due to analyst oversight in two key areas:



Researcher degrees of freedom **(**also known as procedural overfitting, data dredging, p-hacking, etc.)

Asking too much from the data (model complexity)



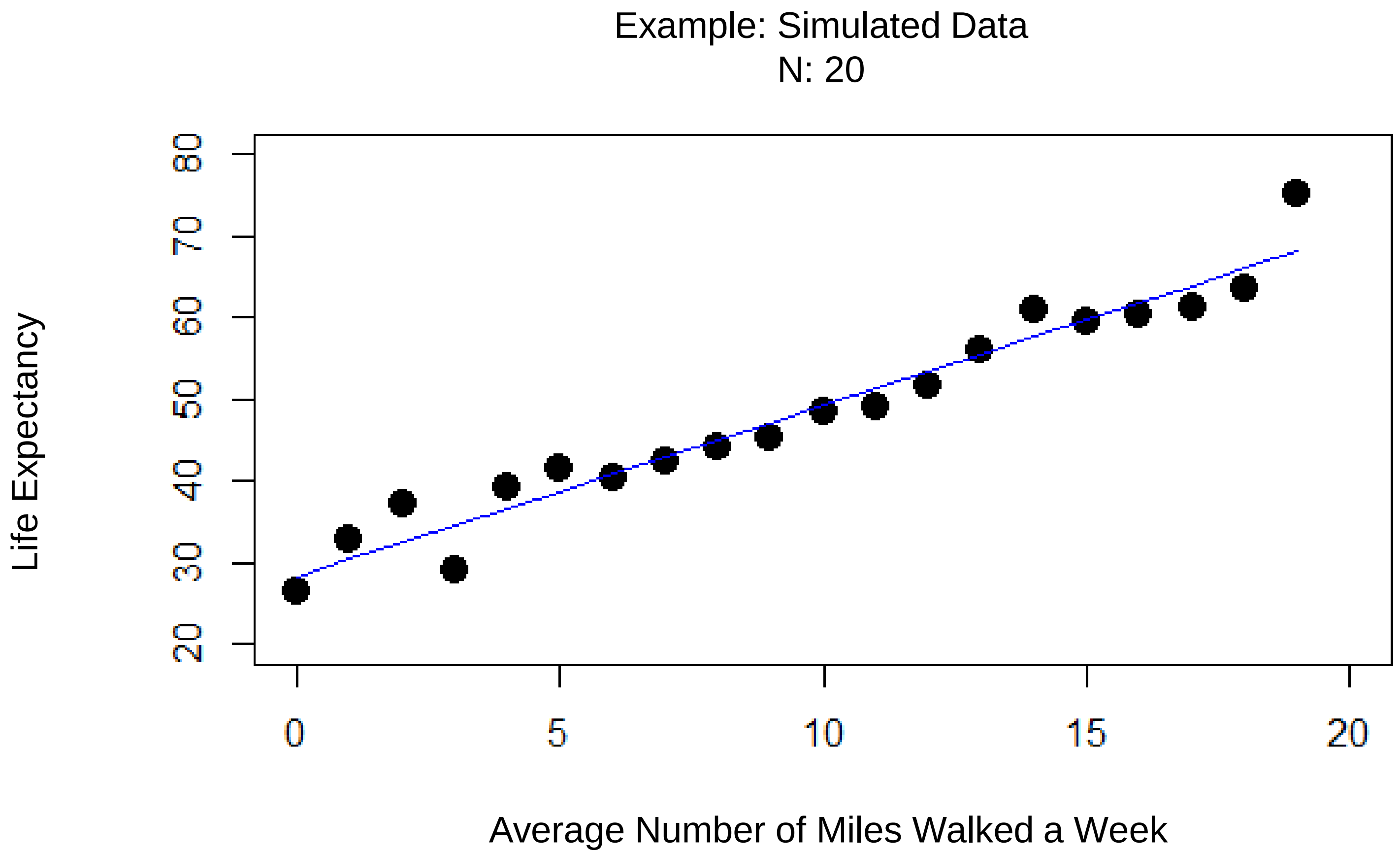
When Does Overfitting Occur?

"Given a certain number of observations in a data set, there is an upper limit to the complexity of the model that can be derived with any acceptable degree of uncertainty." (Babyak, 2004)

Asking too much of the data

When Does Overfitting Occur?

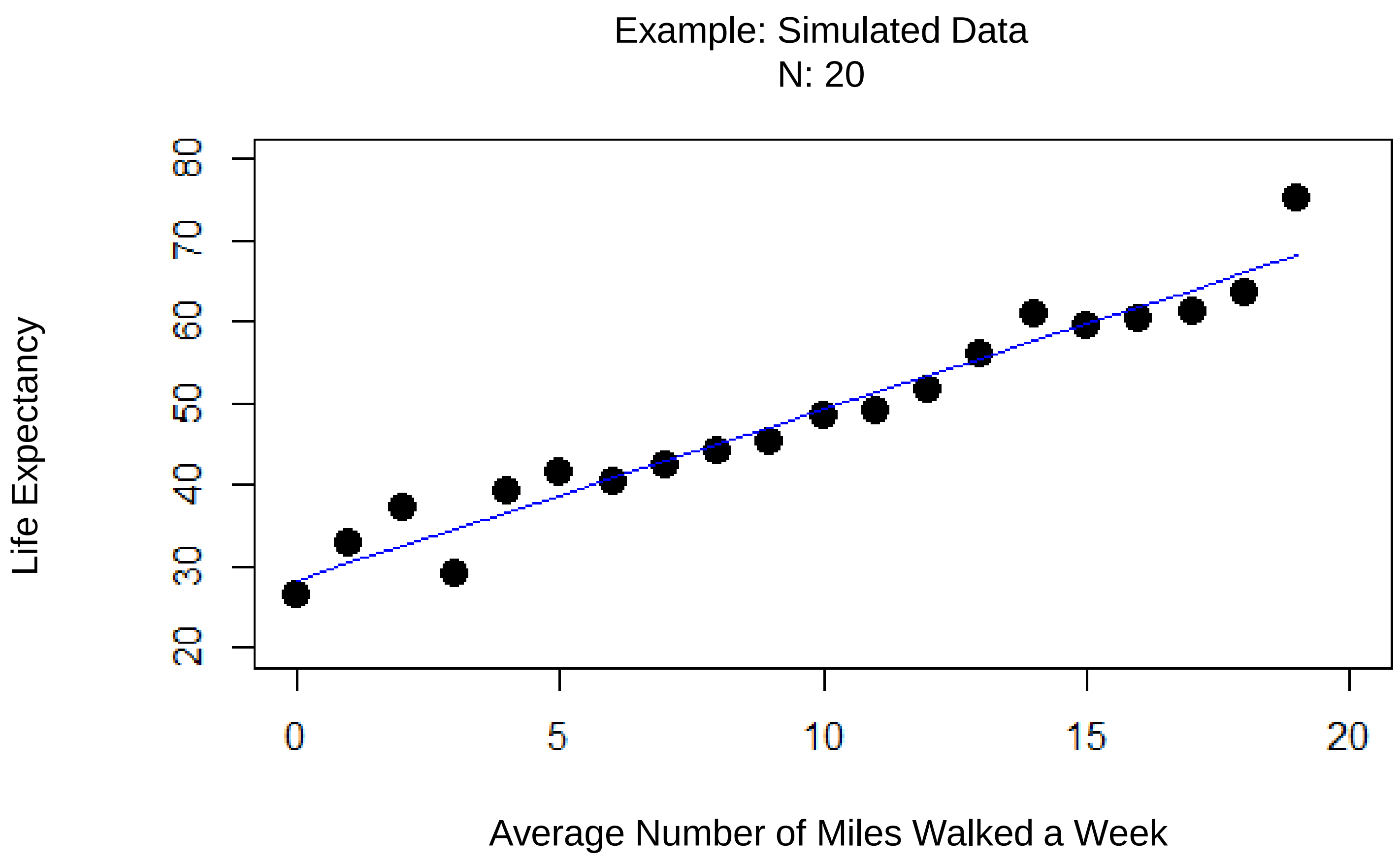
Sample Size & Model Complexity



Let's build a model

When Does Overfitting Occur?

Sample Size & Model Complexity



Simple Model

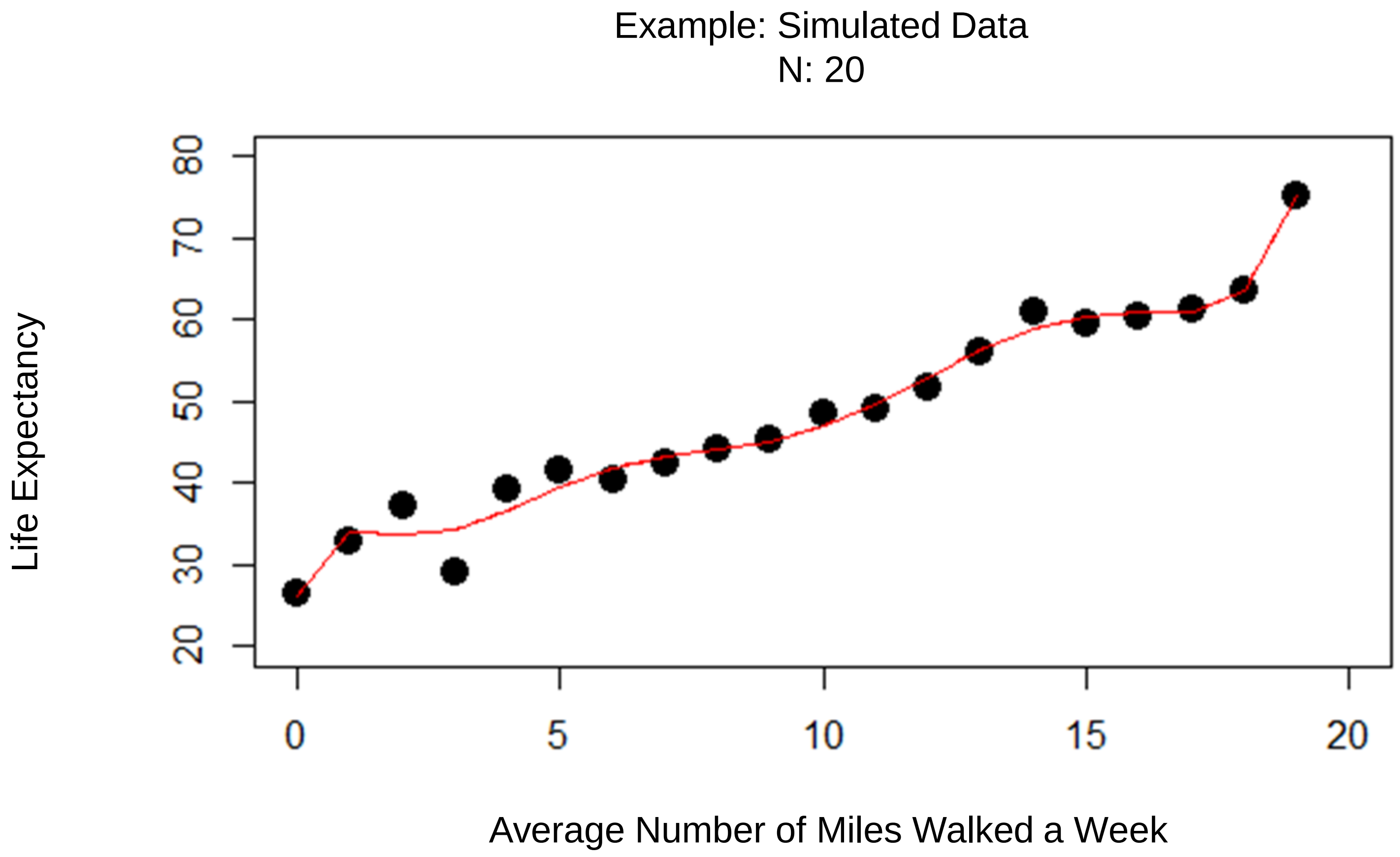
$Y = \beta_0 + \beta_1 X$

Simple Model Error

MSE: 8.45

When Does Overfitting Occur?

Sample Size & Model Complexity



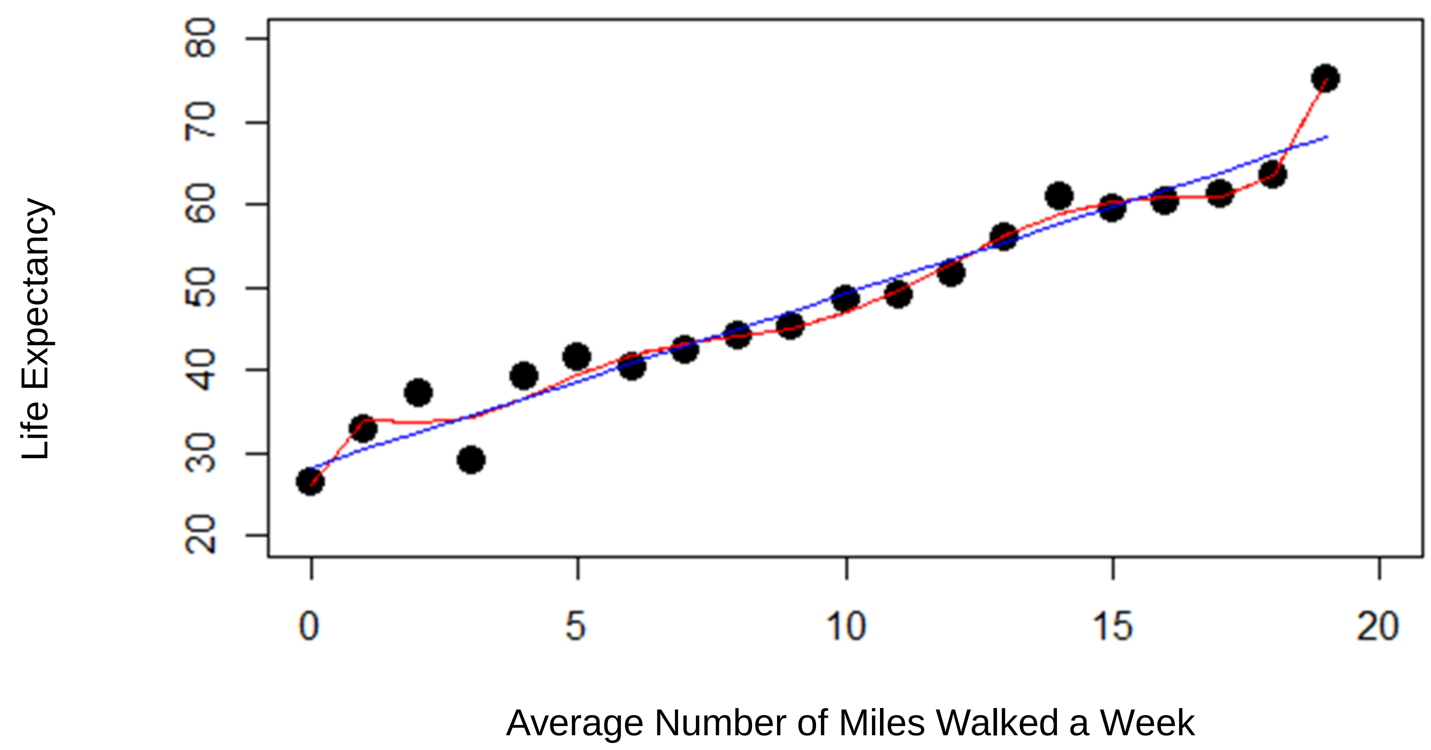
Complex Model
$Y = \beta 0 + \beta 1X + \beta 2X2 + \ldots + \beta 8X8$

Complex Model Error
MSE: 3.27

When Does Overfitting Occur?

Sample Size & Model Complexity

Example: Simulated Data
N: 20



Simple Model
$Y = \beta_0 + \beta_1 X$

Complex Model
$Y = \beta_0 + \beta_1 X + \beta_2 X^2 + \ldots + \beta_8 X^8$

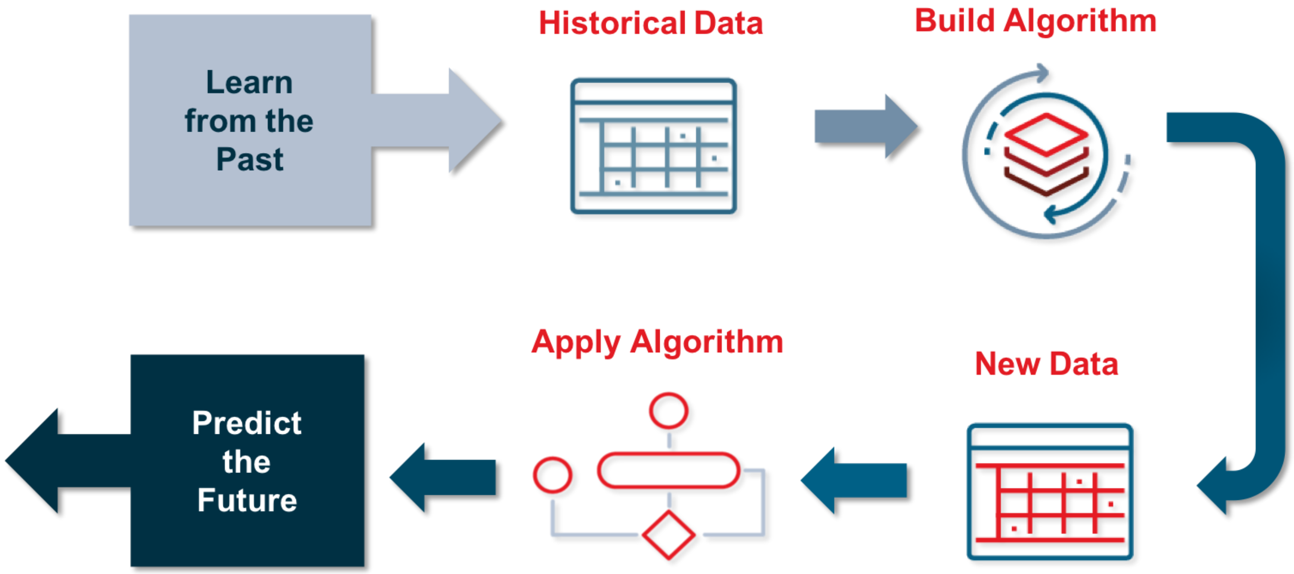
Simple Model Error
MSE: 8.45

Complex Model Error
MSE: 3.27

When Does Overfitting Occur?

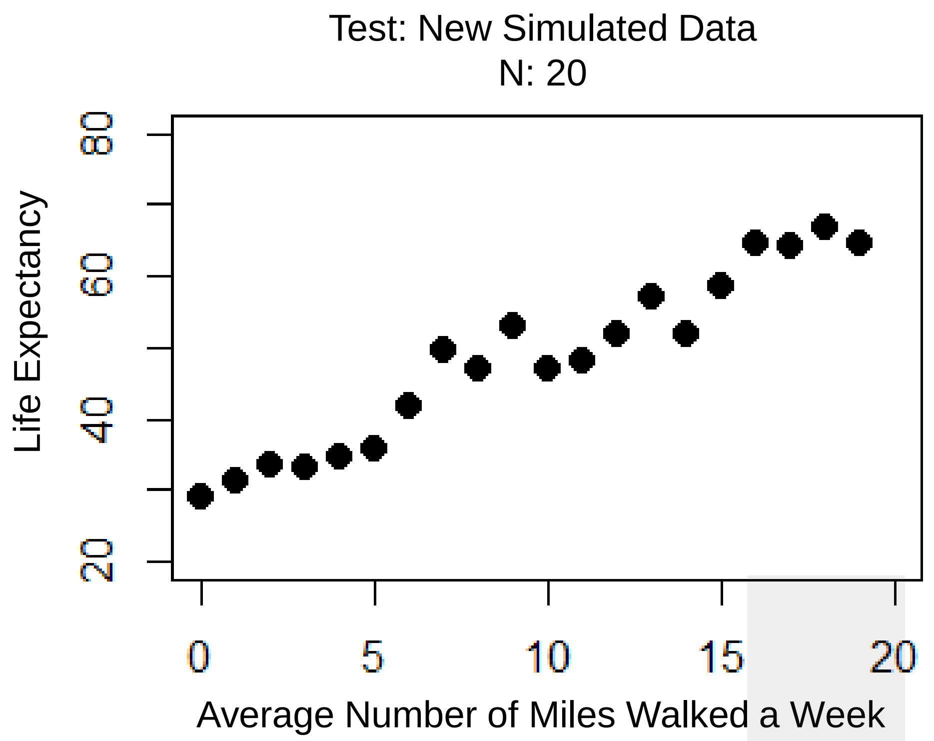
We want to know which model gets us closer to learning about future outcomes and not just our historical data.

Measuring the performance of our models on new data will help us get there.



When Does Overfitting Occur?

Sample Size & Model Complexity



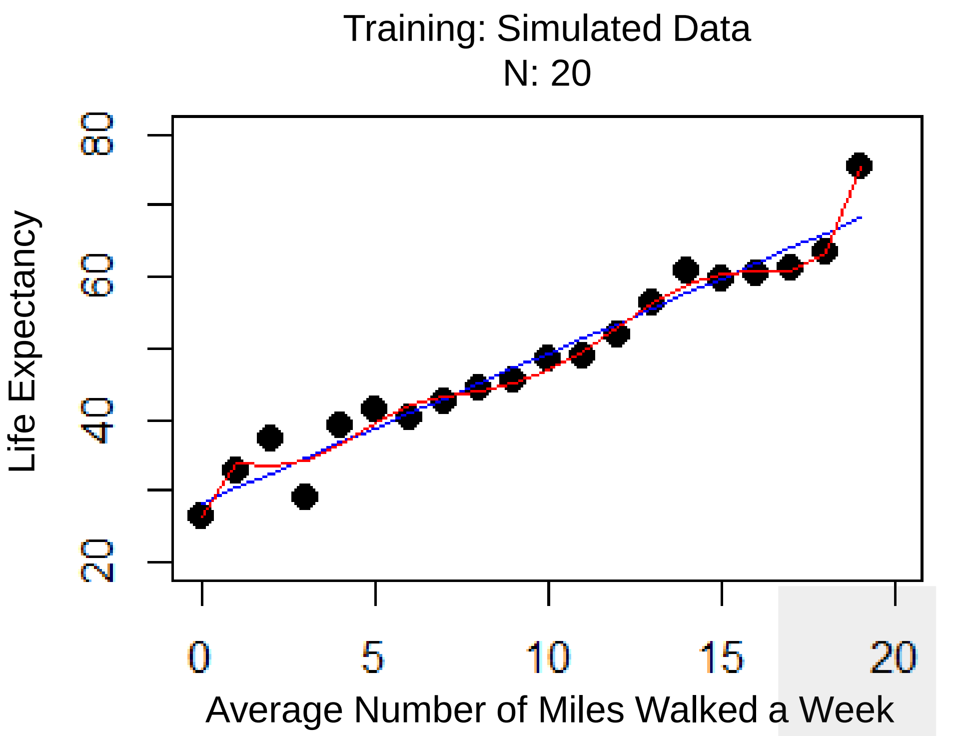
Simple Model: $Y = \beta_0 + \beta_1 X$ Training MSE: 8.45 Test MSE:

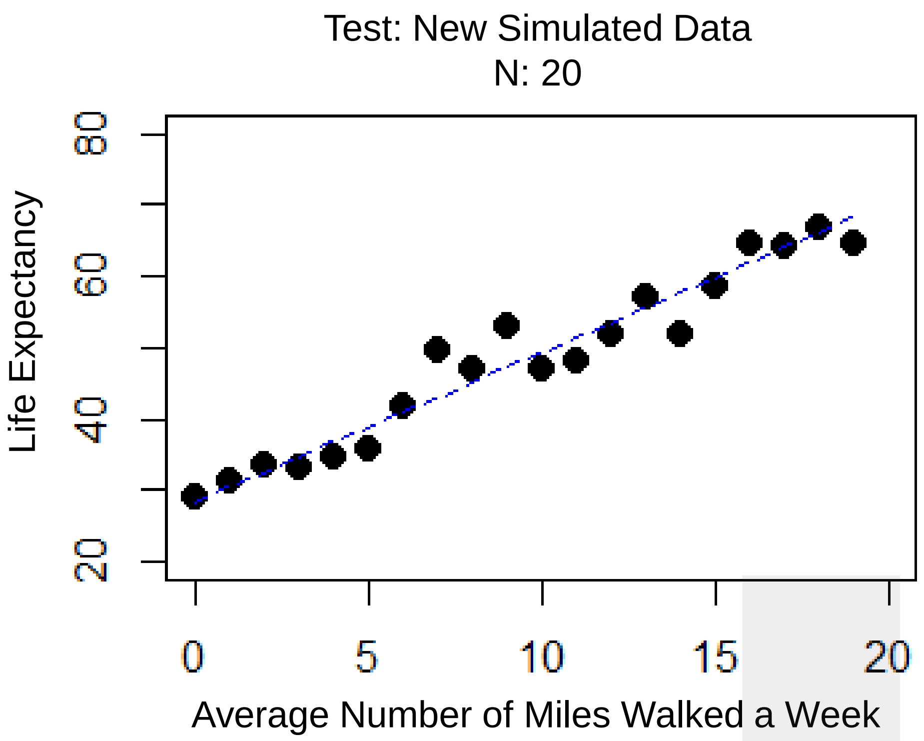
Complex Model: Training MSE: 3.27 Test MSE:

$Y = \beta_0 + \beta_1 X + \beta_2 X^2 + \ldots + \beta_8 X^8$

When Does Overfitting Occur?

Sample Size & Model Complexity



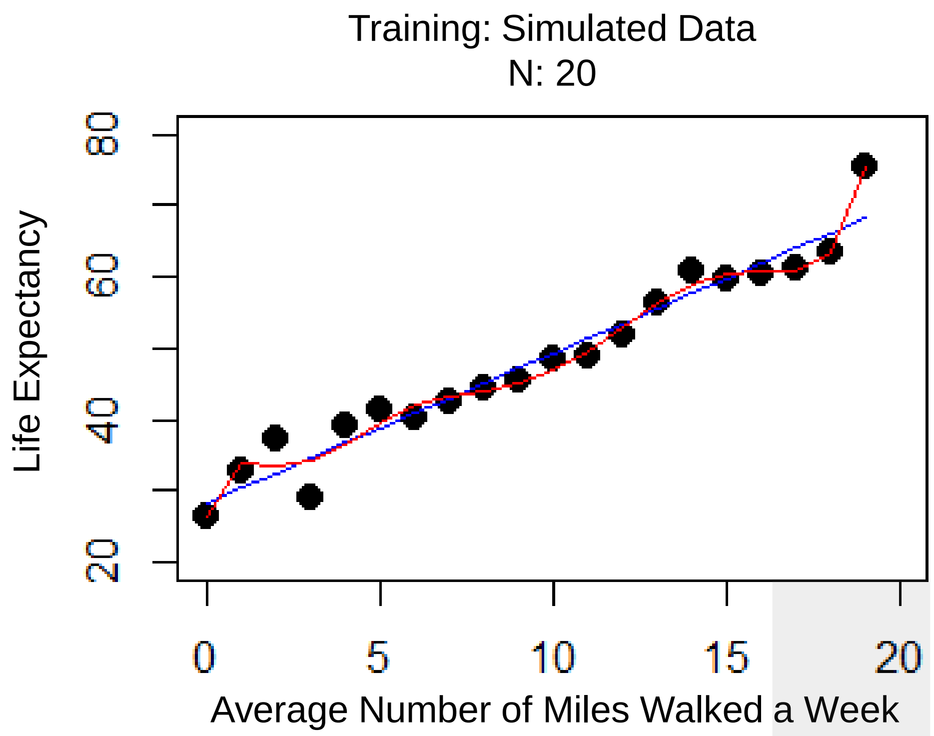


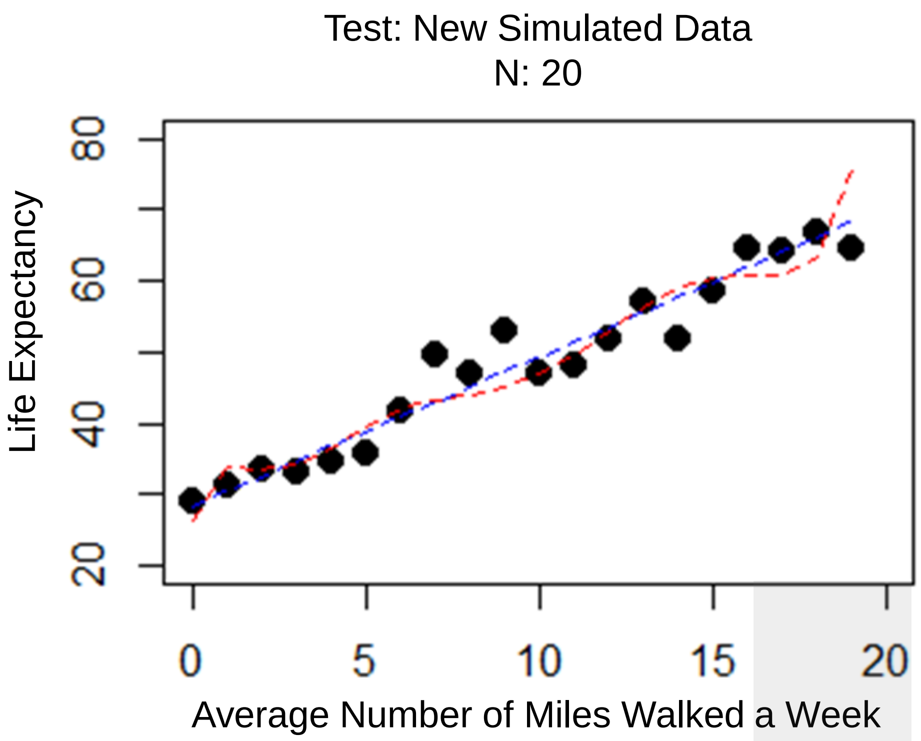
Simple Model: $Y = \beta_0 + \beta_1 X$ — Training MSE: 8.45 — Test MSE: 8.86

Complex Model:
$Y = \beta_0 + \beta_1 X + \beta_2 X^2 + \ldots + \beta_8 X^8$ — Training MSE: 3.27 — Test MSE:

When Does Overfitting Occur?

Sample Size & Model Complexity





Simple Model: $Y = \beta_0 + \beta_1 X$ — Training MSE: 8.45 — Test MSE: 8.86

Complex Model: $Y = \beta_0 + \beta_1 X + \beta_2 X^2 + \ldots + \beta_8 X^8$ — Training MSE: 3.27 — Test MSE: 17.76

Agenda

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04 **How Do You Prevent Overfitting?**

How Do You Prevent Overfitting?

Testing the procedure on the data that gave it birth is almost certain to overestimate performance.

-Mosteller and Tukey, 1977

If the quantity we care about is how *well* our models will perform on **NEW** data…why don't we just estimate that?

How Do You Prevent Overfitting?

01 Test-set

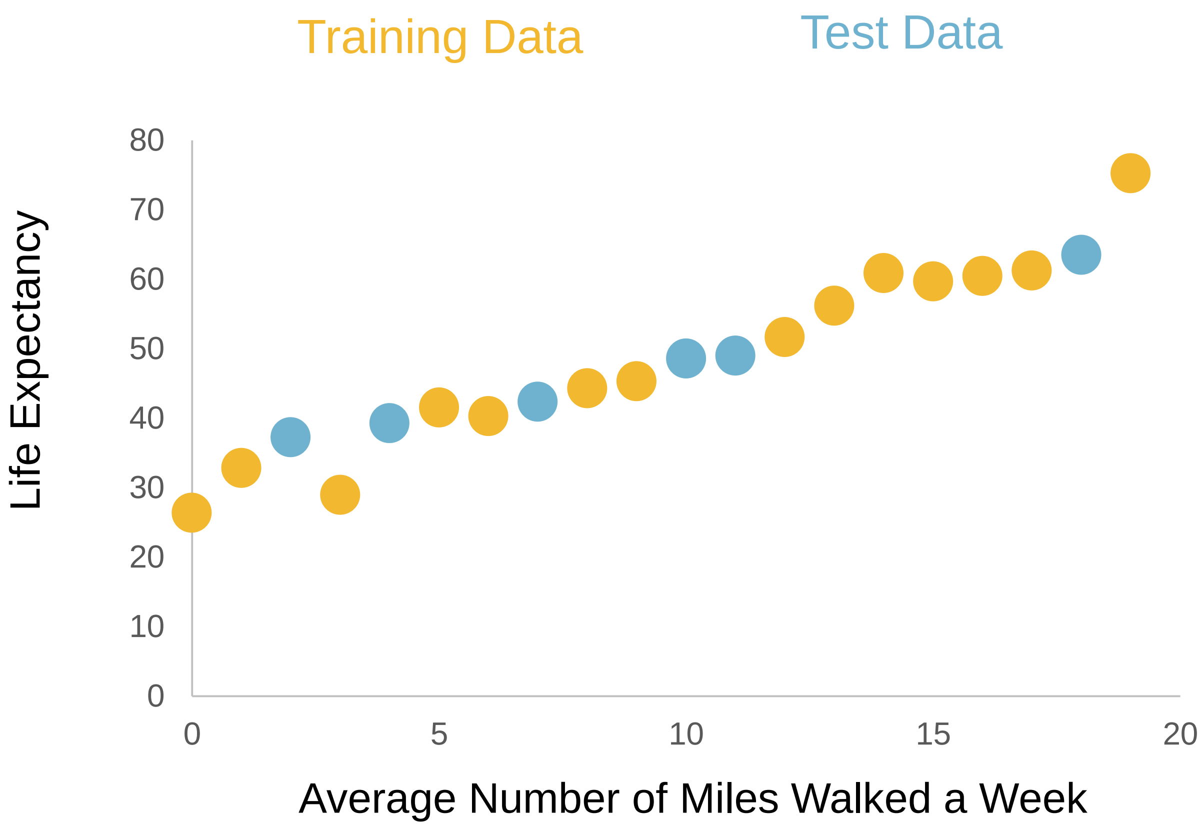
02 Cross-Validation

03 Leave-one-out Cross Validation

Three ways to validate predictive models to minimize overfitting

How Do You Prevent Overfitting?

Test Set Method



1. Randomly select 30% of your data to be your test set

2. Build models on **training data**

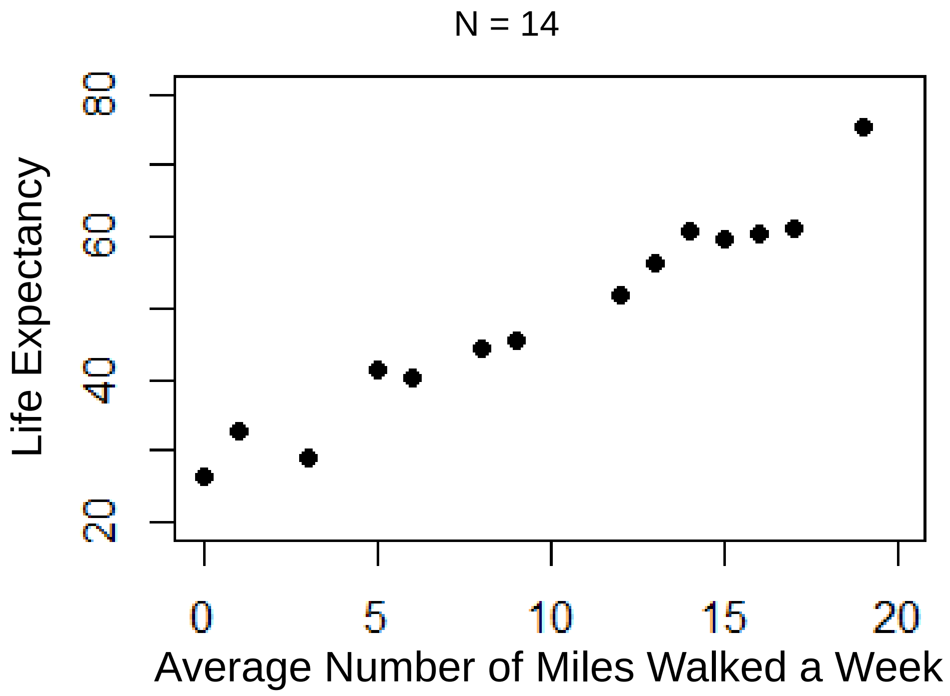
3. Estimate future performance by estimating models on **test data**

How Do You Prevent Overfitting?

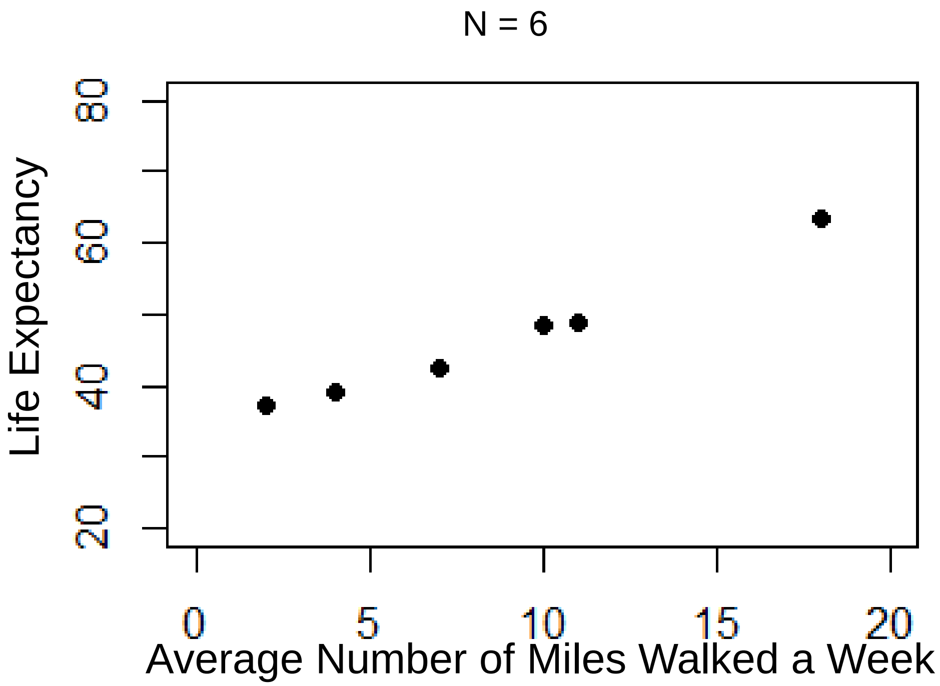
Test Set Method

1

Training Data



Test Data



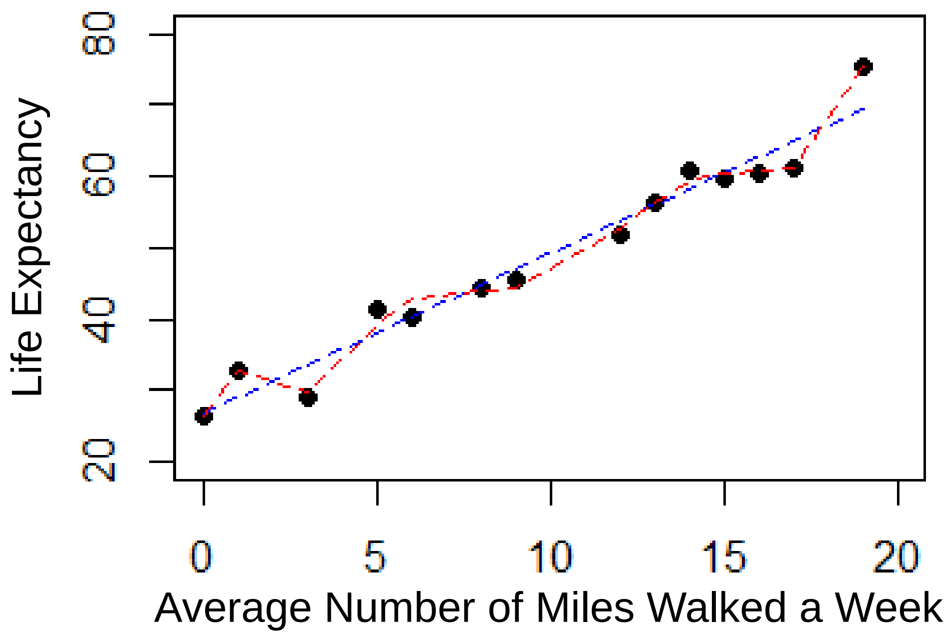
How Do You Prevent Overfitting?

Test Set Method

1

Training Data

N = 14



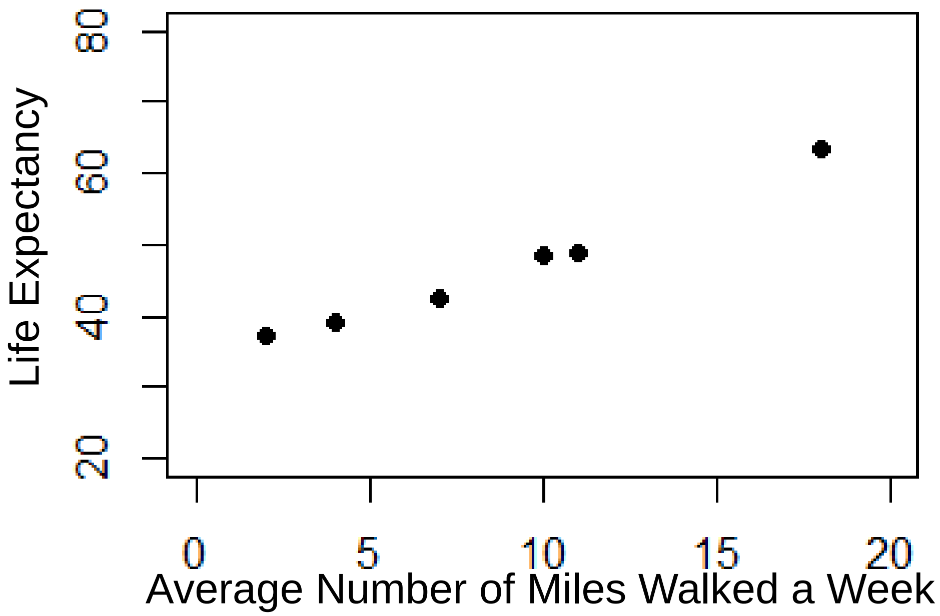
Simple Model Training MSE: 8.21

Complex Model Training MSE:1.24

2

Test Data

N = 6



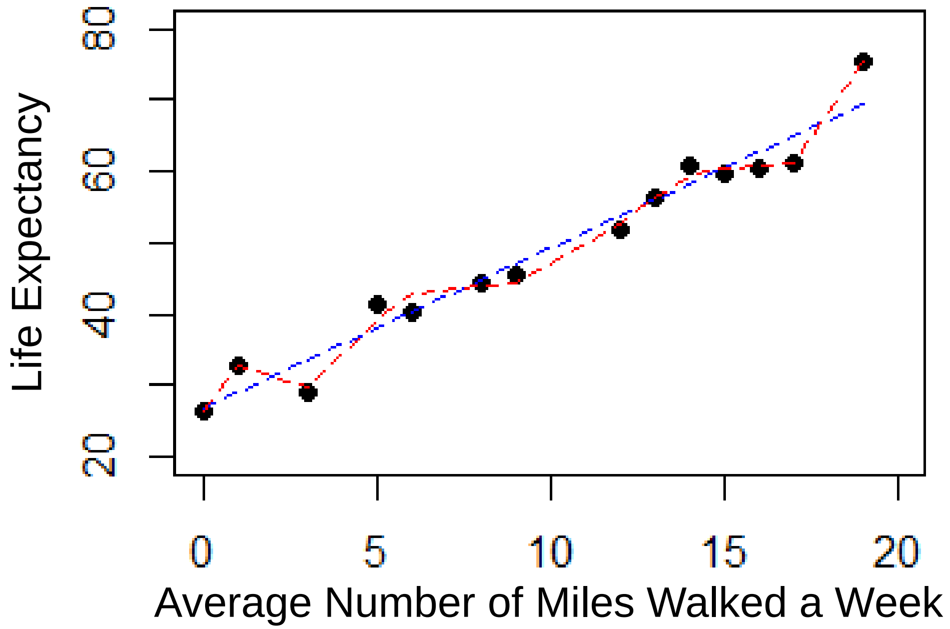
How Do You Prevent Overfitting?

Test Set Method

1

Training Data

N = 14



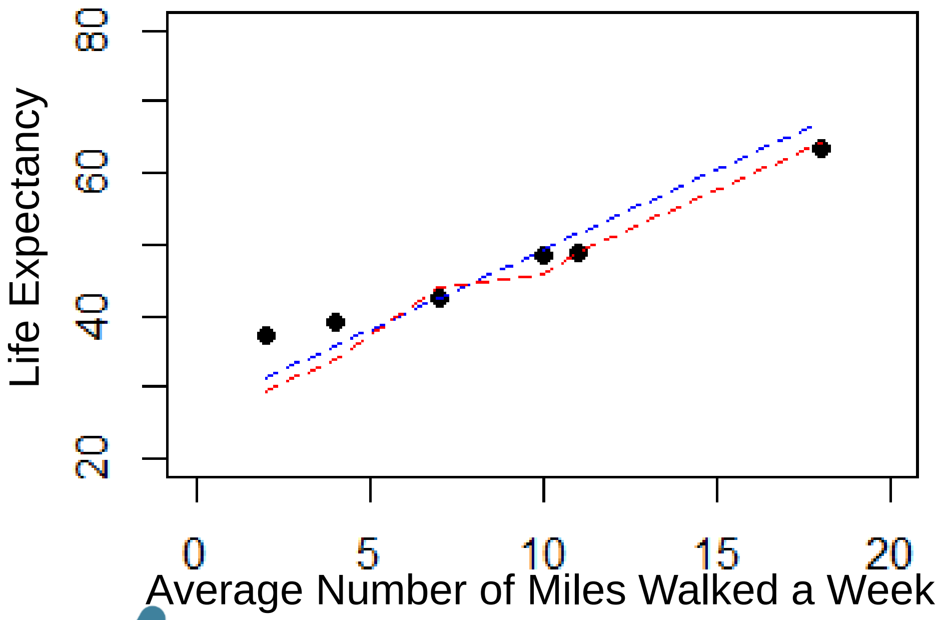
Simple Model Training MSE: 8.21

Complex Model Training MSE:1.24

2

Test Data

N = 6



Simple Model Test MSE: 11.60

Complex Model Test MSE: 16.95

3

How Do You Prevent Overfitting?

Test Set Method

Easy to implement

The more data you use to estimate test error, the less data you have to build your model

More data used for training results in more uncertainty about the test error estimate

Less data used for training results in more uncertainty about the model

How Do You Prevent Overfitting?

01 Test-set

02 Cross-Validation

03 Leave-one-out Cross Validation

These are some additional classical ways to approach overfitting and researcher degrees of freedom:

- AIC/BIC metrics
- Bootstrapping
- Bonferroni correction (adjusts for multiple comparisons)

RGA