The American Dream: Making it Real

County Welfare Directors Association (CWDA)

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The Brookings Institution
Bipartisan Agreement on Mobility

“A dangerous and growing inequality and lack of upward mobility…has jeopardized middle-class America’s basic bargain -- that if you work hard, you have a chance to get ahead. I believe this is the defining challenge of our time…”

President Obama, Dec 4th, 2013
Bipartisan Agreement on Mobility

“Upward mobility is the central promise of life in America: but America’s engines of upward mobility aren’t working the way they should.”

Rep. Paul Ryan, Jan 13\textsuperscript{th}, 2014
What is the American Dream?

- Shared prosperity?
- Rising living standards?
- Absolute mobility?
- A strong middle class?
- No poverty?
- No child poverty?
- Meritocracy?
- High rates of relative mobility?
US: *Absolute* Mobility

Share of American children whose family income exceeds their parents’ family income

- **All Adult Children**: 84%
- **Raised in Top Quintile**: 70%
- **Raised in Fourth Quintile**: 85%
- **Raised in Middle Quintile**: 88%
- **Raised in Second Quintile**: 86%
- **Raised in Bottom Quintile**: 93%

US: Relative Mobility

Income Quintile Transition Matrix, US overall

Source: Author's calculations.
Why Stickiness? 4 Factors: FERG

- Family – stability, parenting
- Education – achievements and skills
- Race – especially poor black mobility
- Geography – metros, counties, neighborhoods
Family: Marriage is Better

Never-Married Mothers

<table>
<thead>
<tr>
<th>Income Quintile at Birth</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>9%</td>
<td>12%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>13%</td>
<td>19%</td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>24%</td>
<td>27%</td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>50%</td>
<td>35%</td>
<td>38%</td>
<td></td>
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</tbody>
</table>

Continuously-Married Mothers

<table>
<thead>
<tr>
<th>Income Quintile at Birth</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>19%</td>
<td>25%</td>
<td>22%</td>
<td>26%</td>
<td>30%</td>
</tr>
<tr>
<td>Q2</td>
<td>20%</td>
<td>20%</td>
<td>24%</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>Q3</td>
<td>23%</td>
<td>21%</td>
<td>23%</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td>Q4</td>
<td>19%</td>
<td>17%</td>
<td>17%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Q5</td>
<td>13%</td>
<td>16%</td>
<td>11%</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note: The sample size is too small to calculate a matrix for those born in the top two income quintiles.
Source: Author’s calculations.
‘Good’ parenting ‘explains’ ‘half’ of the ‘marriage effect’
Education: No High School

Note: Small sample size for high school graduates reaching the top quintile
Source: Author's calculations.
Education: High School Graduate

Source: Author’s calculations.
Education: College Graduates

Source: Author’s calculations.
Income Gaps in Higher Education

Fraction of students completing college (top quartile projected)

Income Gaps in Higher Education

Fraction of students completing college, (top quartile actual)

Race: Black v White Mobility

Social Mobility Matrices by Race

Black Americans

<table>
<thead>
<tr>
<th>Income Quintile at Birth</th>
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<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Q at 40</td>
<td>3%</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Middle Q at 40</td>
<td>12%</td>
<td>18%</td>
<td>16%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Bottom Q at 40</td>
<td>27%</td>
<td>26%</td>
<td>37%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Top Q at 40</td>
<td>51%</td>
<td>40%</td>
<td>32%</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

White Americans

<table>
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<th>Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Q at 40</td>
<td>16%</td>
<td>22%</td>
<td>21%</td>
<td>24%</td>
<td>32%</td>
</tr>
<tr>
<td>Middle Q at 40</td>
<td>19%</td>
<td>21%</td>
<td>23%</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>Bottom Q at 40</td>
<td>23%</td>
<td>26%</td>
<td>26%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Top Q at 40</td>
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<td>32%</td>
<td>19%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: The sample size is too small to calculate a matrix for those born in the top income quintile.
Source: Author's calculations.
Metro Mobility: Variation Within US

Relative Mobility: Rank-Rank Slopes by CZ

Corr. with baseline $\tilde{r}_{25} = -0.68$ (unweighted), -0.61 (pop-weighted)

Metro Mobility: Correlates

“The spatial variation in intergenerational mobility is strongly correlated with five factors: (1) residential segregation, (2) income inequality, (3) school quality, (4) social capital, and (5) family structure.” - Chetty
Medium City Mobility
Bottom to Top Income Relative Mobility in Mid-Sized Commuting Zones (0.5m-2m)

Source: Chetty et al. 2014
Policy: The O’Keefe Approach

- Select
- Simplify
- Amplify
A UK commitment ...

“A fair society is an open society, one in which every individual is free to succeed. That is why improving social mobility is the principal goal of the Government’s social policy” – Opening Doors, Breaking Barriers Executive Summary, April 2011

See download.cabinetoffice.gov.uk/social-mobility/opening-doors-breaking-barriers.pdf
# Leading Indicators of Success

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sub-indicators</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Low Birth Weight</td>
<td>Low Birth Weight (disadvantage gap)</td>
<td>DH</td>
</tr>
<tr>
<td>2. Child Development</td>
<td>Child development at age 2½ (TBC)</td>
<td>DH</td>
</tr>
<tr>
<td></td>
<td>Gap in school readiness at age 5</td>
<td>DfE</td>
</tr>
<tr>
<td>3. School Attainment</td>
<td>Attainment of Level 4 at KS2 (FSM gap)</td>
<td>DfE</td>
</tr>
<tr>
<td></td>
<td>Attainment of “the basics” at GCSE (FSM gap)</td>
<td>DfE</td>
</tr>
<tr>
<td></td>
<td>Attainment of “the basics” at GCSE (deprived school gap)</td>
<td>DfE</td>
</tr>
<tr>
<td></td>
<td>Attainment by 19 of children in state and independent schools (AAB at A level)</td>
<td>DfE</td>
</tr>
<tr>
<td>4. Employment and participation in education (age 18-24)</td>
<td>18-24 year olds participating in (full or part-time) education or training (disadvantage gap)</td>
<td>BIS</td>
</tr>
<tr>
<td></td>
<td>18-24 year olds not in full-time education or training who are workless (disadvantage gap)</td>
<td>DWP</td>
</tr>
<tr>
<td>5. Further Education</td>
<td>Percentage achieving a level 3 qualification by age 19 (FSM gap)</td>
<td>DfE</td>
</tr>
<tr>
<td>6. Higher Education</td>
<td>Progression of pupils aged 15 to HE at age 19 (FSM gap)</td>
<td>BIS</td>
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<td></td>
<td>Progression of pupils to the 33% most selective HE institutions (state/independent school gap)</td>
<td>BIS</td>
</tr>
<tr>
<td></td>
<td>Destinations from higher education (disadvantage gap)</td>
<td>BIS</td>
</tr>
<tr>
<td>7. Social Mobility in Adulthood</td>
<td>Access to the professions (disadvantage gap)</td>
<td>BIS/DWP</td>
</tr>
<tr>
<td></td>
<td>Progression in the labour market (wage progression)</td>
<td>BIS/DWP</td>
</tr>
<tr>
<td></td>
<td>Second chances in the labour market (post-19 basic skills)</td>
<td>BIS/DWP</td>
</tr>
</tbody>
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Mobility: A Policy Architecture

**Commitment to Goal**
- *High-level, clear commitment to mobility as target* i.e. “improving social mobility is the principal goal of the Government’s social policy”

**Definition & Measurement**
- Clarity on definition: i.e. Intergenerational, relative mobility by income and occupation
- Support for data to measure long-term trends: Government support for the 2012 birth cohort study (following Millennium Cohort Study of 2000)
- Seven ‘leading indicators’ of mobility & sub-indicators, published annually

**Institutional Accountability**
- Creation of statutory, independent Commission on Social Mobility & Child Poverty, reporting annually to Parliament “on the progress being made by government and wider society in improving social mobility…”
- Commission undertaking issue-specific reports (i.e. HE access, professions)
- Chaired by senior Labour figure (Alan Milburn, ex-Cabinet Minister)

**Executive Sponsorship**
- Standing Ministerial Group on Social Mobility, Chaired by DPM
- ‘Social Mobility’ test on all new policies or policy changes
- APPG on Social Mobility, All-Party
Low Birth Weight
School Readiness, Age 5
Colorado Opportunity Framework

Goal: “Increasing the proportion of adults--particularly from disadvantaged circumstances--who are middle class by middle age. (Family Income of 300% FPL or higher at age 40)” (my emphasis)
Project Goal: To deliver evidence-based initiatives that provide the opportunity for all Coloradans to reach middle class by middle age.

Below are the Colorado Opportunity Project “indicators”, or milestones, that help Coloradans stay on the path towards self-sufficiency and economic success.

**LIFE STAGE**

**FAMILY FORMATION** (positive birth circumstances)
- Planned pregnancy, born at healthy birth weight, to dual parent household without maternal depression

**EARLY CHILDHOOD** (ages 0 – 5)
- School readiness, healthy social emotional skills & family access to affordable, nutritious food

**MIDDLE CHILDHOOD** (ages 6 – 11)
- Math/Reading skills & healthy social emotional skills

**OPPORTUNITY INDICATORS**

- ✓ rate of low birth weight
- ✓ family income
- ✓ maternal depression
- ✓ single- or dual-parent household
- ✓ unintended pregnancy
- ✓ % of parents concerned about child’s emotions, concentration, behavior, or ability to get along with others (ages 0 – 8)
- ✓ % of families relying on low cost food
- ✓ children whose family members read to them less than 3 days/week
- ✓ standardized test: math scores
- ✓ standardized test: reading scores
- ✓ % of parents concerned about child’s emotions, concentration, behavior, or ability to get along with others (ages 9 – 14)
Social Genome Model: Goal

As many ‘middle class by middle age’ as possible = 300% FPL by age of 40. {Combined absolute and relative mobility measure}
Odds of Reaching Middle Class

- Blacks: 28%
- Bottom Income Quintile: 35%
- Hispanics: 44%
- Women: 52%
- ALL: 55%
- Men: 58%
- Whites: 63%
- Top Income Quintile: 71%
**SGM Success Benchmarks**

**Family formation**
Born at normal birth weight to a non-poor, married mother with at least a high school diploma

**Early childhood**
Acceptable pre-reading and math skills AND Behavior generally school-appropriate

**Middle childhood**
Basic reading and math skills AND Social-emotional skills

**Adolescence**
Graduates from high school w/GPA ≥ 2.5 AND Has not been convicted of a crime nor become a parent

**Transition to adulthood**
Lives independently AND Receives a college degree or has a family income ≥ 250% of the poverty level

**Adulthood**
Reaches middle class (family income at least 300% of the poverty level)
Pathways to the Middle Class

Children successful by age 5 are nearly twice as likely to be successful by age 11 (76% vs. 41%).
Low Birth Weight & Upward Mobility
So What?

- Clarity of our overall goal
- Clear success measures, long and short term
- Quality data & evidence-based policy
- Early years focus but not determinism
- Reproductive health & contraception
- Child welfare critical to the American Dream
- Good luck!
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www.brookings.edu/blogs/social-mobility-memos

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