

A HOLISTIC APPROACH TO INTERGENERATIONAL MOBILITY

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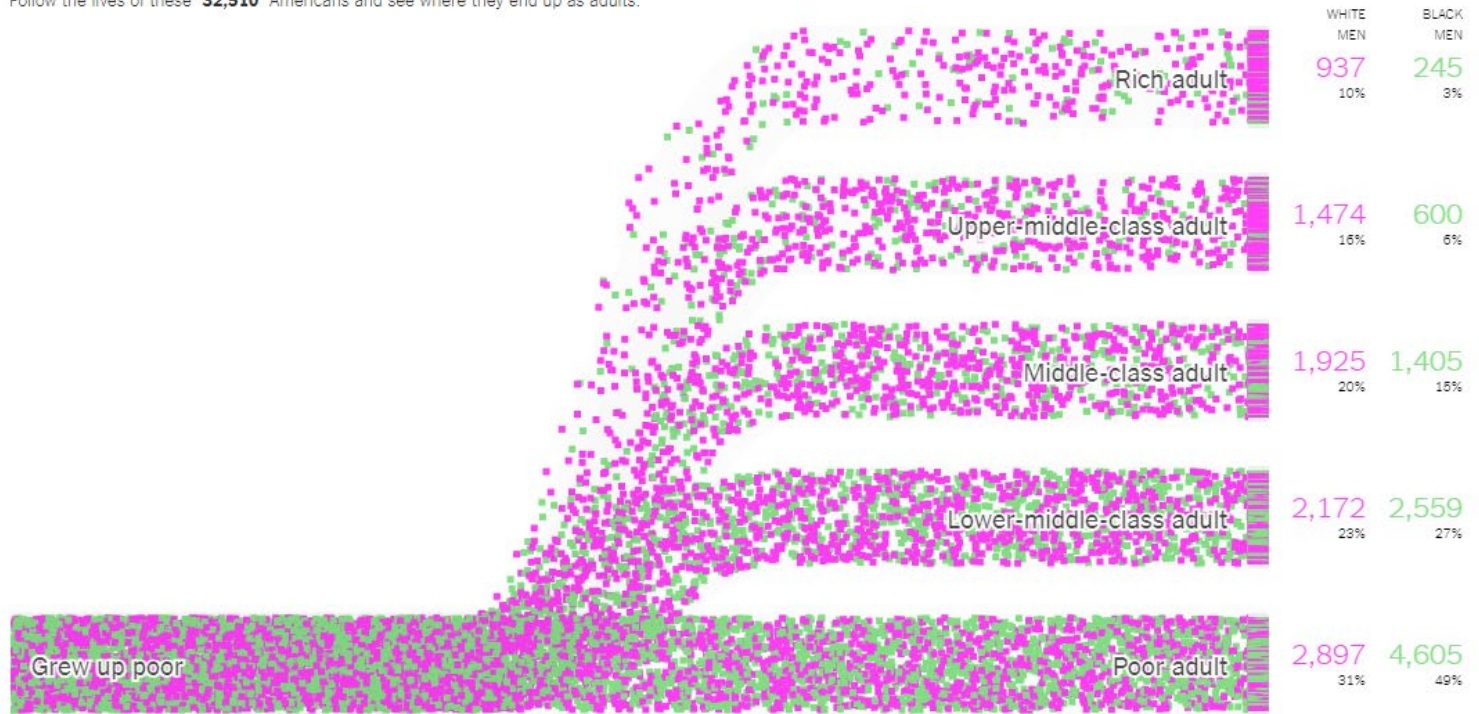
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WHAT IS MOBILITY?

Follow the lives of **white boys** and **black boys** from **poor** households, using their **household** incomes as adults, and including kids of **all mothers, including immigrants** :

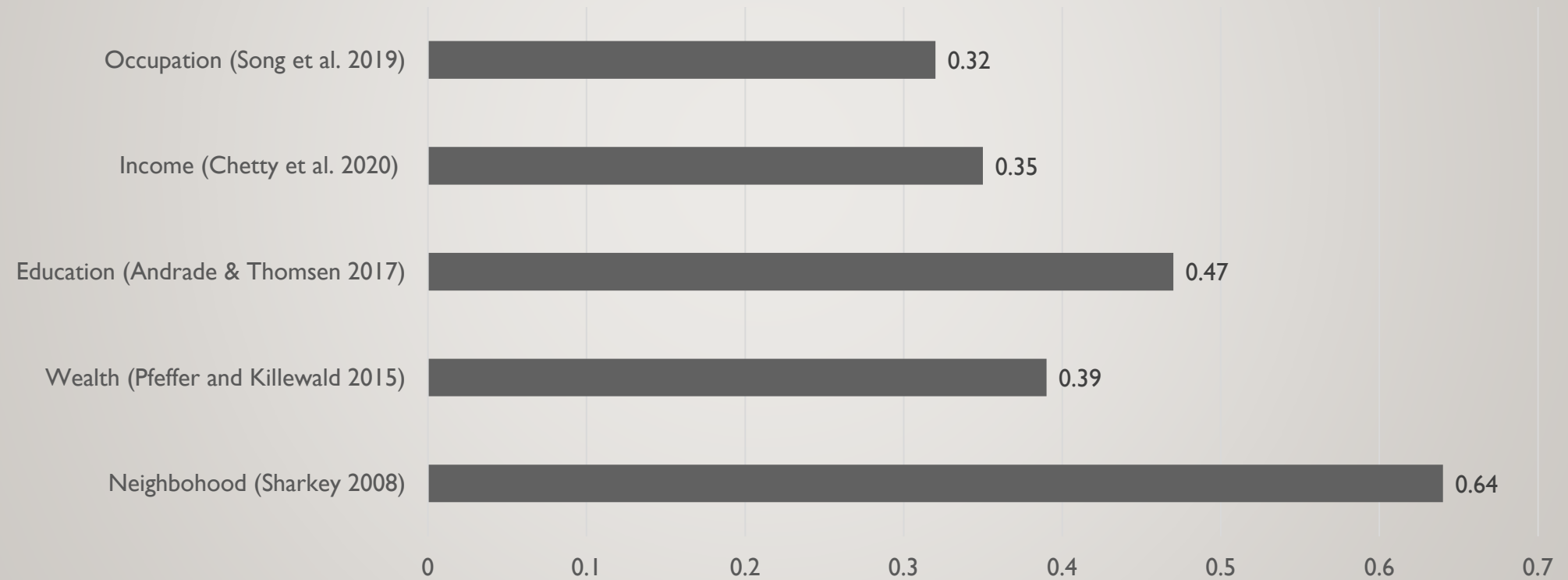
Follow the lives of these **32,510** Americans and see where they end up as adults:



WHY STUDY INTERGENERATIONAL MOBILITY

- Captures extent of equal opportunity
- Helps us understand how advantages get passed onto one another
 - But also how disadvantages get passed on

MOBILITY ESTIMATES ACROSS DIMENSIONS



MOTIVATION: BLAU AND DUNCAN (1967)

Speaking of education and occupation:

“If we think of **additional socioeconomic indicators** applying to the respondent’s family background it is fairly certain that each of them will **correlate moderately highly** with the two that we have measured here...**inclusion of other family background socioeconomic variables ... will not alter greatly our over-all estimate** of the importance of variables of this kind. He who thinks differently, of course, has the option of trying to support his opinion with evidence” (pg. 191)

MOTIVATION: HOUT (2015)

Hout (2015) writes, “We need to measure **the complexity of people’s backgrounds** to adequately assess the degree to which those circumstances constrain success.” (pg. 30).

MOTIVATION: TORCH (2015)

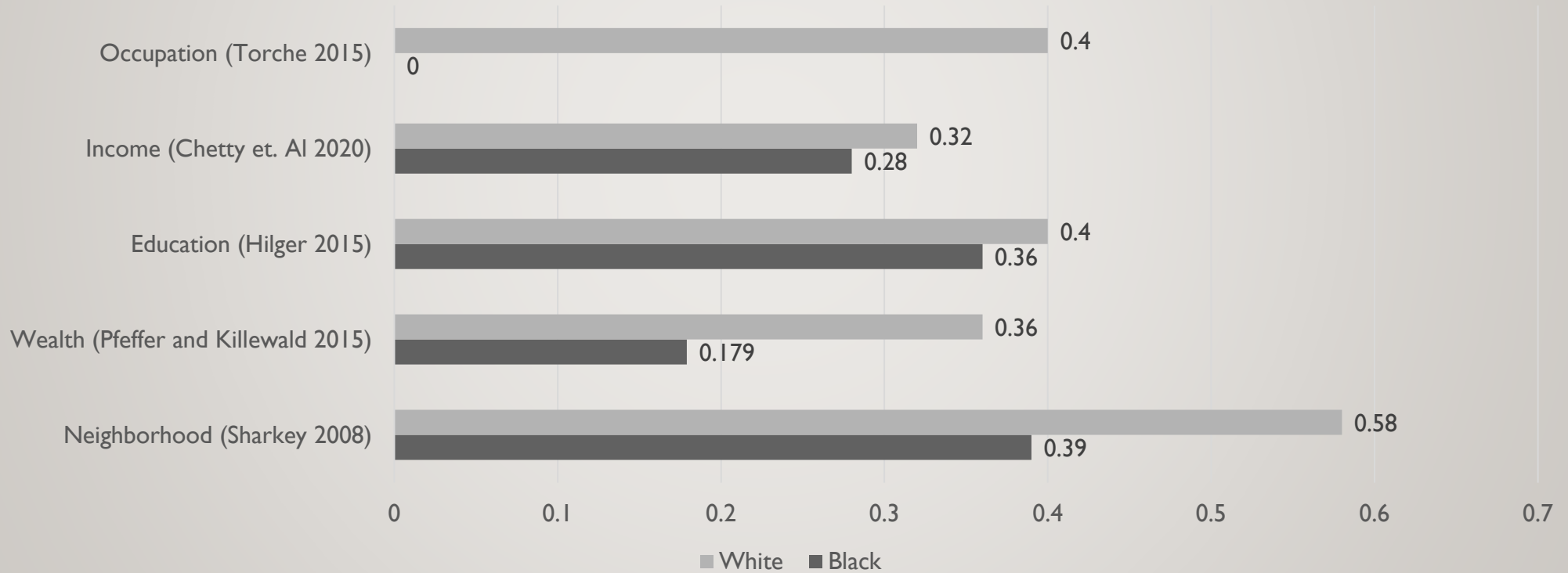
“...these variables capture different dimensions of socioeconomic advantage (Beller and Hout 2006). However, to the extent that they capture the same latent concept—socioeconomic standing or well-being—we should expect a close correlation. This is not the case: **empirical analysis shows widely different results for class/occupational status mobility when compared with earnings/income mobility in cross-country and over-time comparisons.**” Torche 2015 (pg. 49)

MOTIVATION

Racial
differences in
mobility

Racial
differences in
SES distributions

RACIAL DIFFERENCES IN MOBILITY ACROSS DIMENSIONS

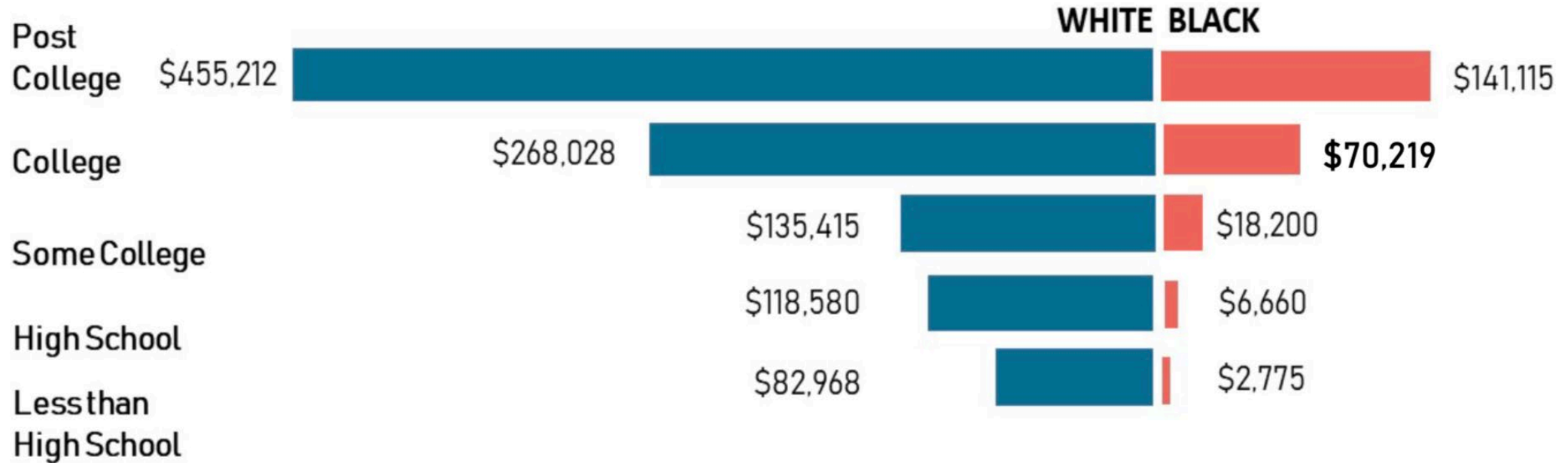


MOTIVATION

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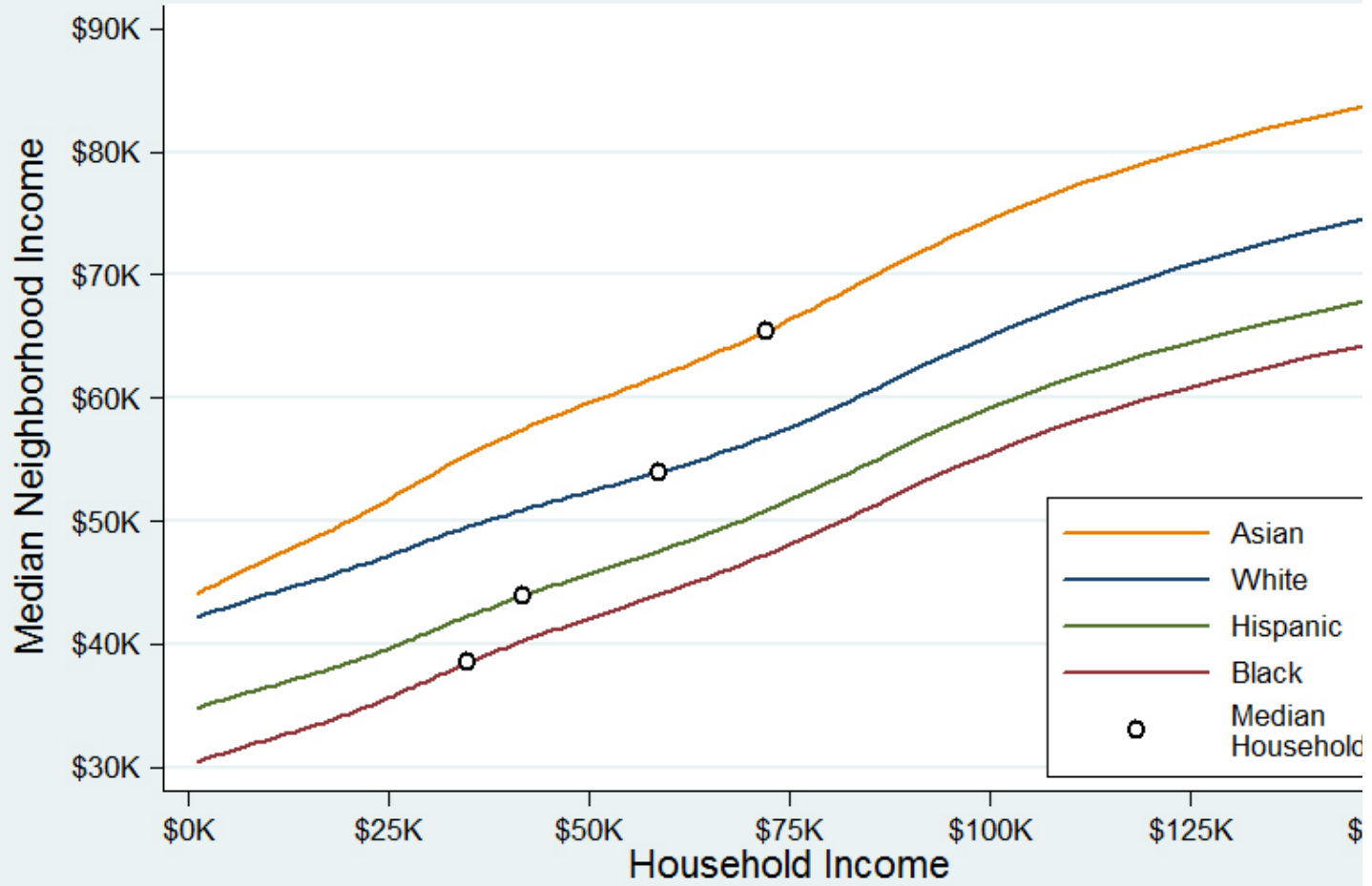
Figure 1: Median Household Net Worth by Race and Education



Source: Authors' calculations, Survey on Income and Program Participation (SIPP) 2014.

Note: Many of these figures were updated from a prior report entitled *Umbrellas Don't Make it Rain: Why Studying Hard and Working Hard Isn't Enough for Black Americans* (Hamilton et al. 2015).

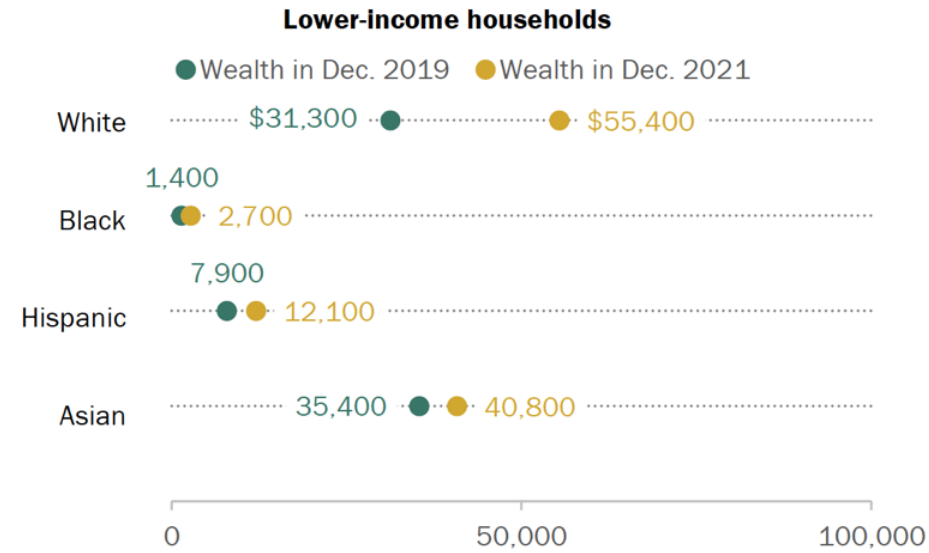
Neighborhood Median Income by Household Income and Race All Households in U.S., 2009



Source: S.F. Reardon, L. Fox, J. Townsend. (2015). *Neighborhood Income Composition by Household Race and Income, 1990-2009*

Lower-income White households saw sizable gains in wealth during the pandemic

Median wealth of **lower-income** U.S. households in December 2021 prices



Note: Households are assigned to income tiers based on their size-adjusted income. Lower-income households have incomes less than two-thirds of the national median size-adjusted household income. Households are grouped by the race and ethnicity of the survey reference person. White, Black and Asian include those who report being only one race and are not Hispanic. Hispanics are of any race. American Indian or Pacific Islander and multiracial not shown because of small sample sizes. Values are rounded to the nearest \$100.

Source: Pew Research Center tabulations of the U.S. Census Bureau's 2020 and 2022 Surveys of Income and Program Participation (SIPP).

"Wealth Surged in the Pandemic, but Debt Endures for Poorer Black and Hispanic Families"

PEW RESEARCH CENTER

OVERARCHING RESEARCH QUESTIONS

- What combination of characteristics and resources contribute to a latent construct of socio-economic origin and socio-economic destination? Which aspects of socio-economic origin are unique contributors to both classification and mobility patterns?
- How are families distributed across these groupings? How does this differ across race?
- What does intergenerational persistence look like from this holistic perspective? Does it differ from what we see with one measure?

DATA & SAMPLE

Panel Study of Income Dynamics (PSID)

Adult children who lived with their parents in 1984, >25

Sample: 2927

- 1444 Whites
- 1023 Blacks
- 39 Other

TRANSFORMATIONS

Household Income: Log

Wealth: Log (Also tried
IHS, Rank)

Occupation: Made 10
categories from more
menial=1 to more
professional=10 (Cheng
and Park 2020).

DEMOGRAPHICS

PARENT 1984+

- Household Income (28K, Median 24k)
- Wealth (75k, Median 20k)
- Average Parents Education Years (12)
- Occupation of Head of Household (5.4)
- Med Neighborhood HH Income (51k, 53k)
- Controls:
 - Whether the father is the head (65%)
 - Mother's race (41% Black)
 - Mother's age (35)

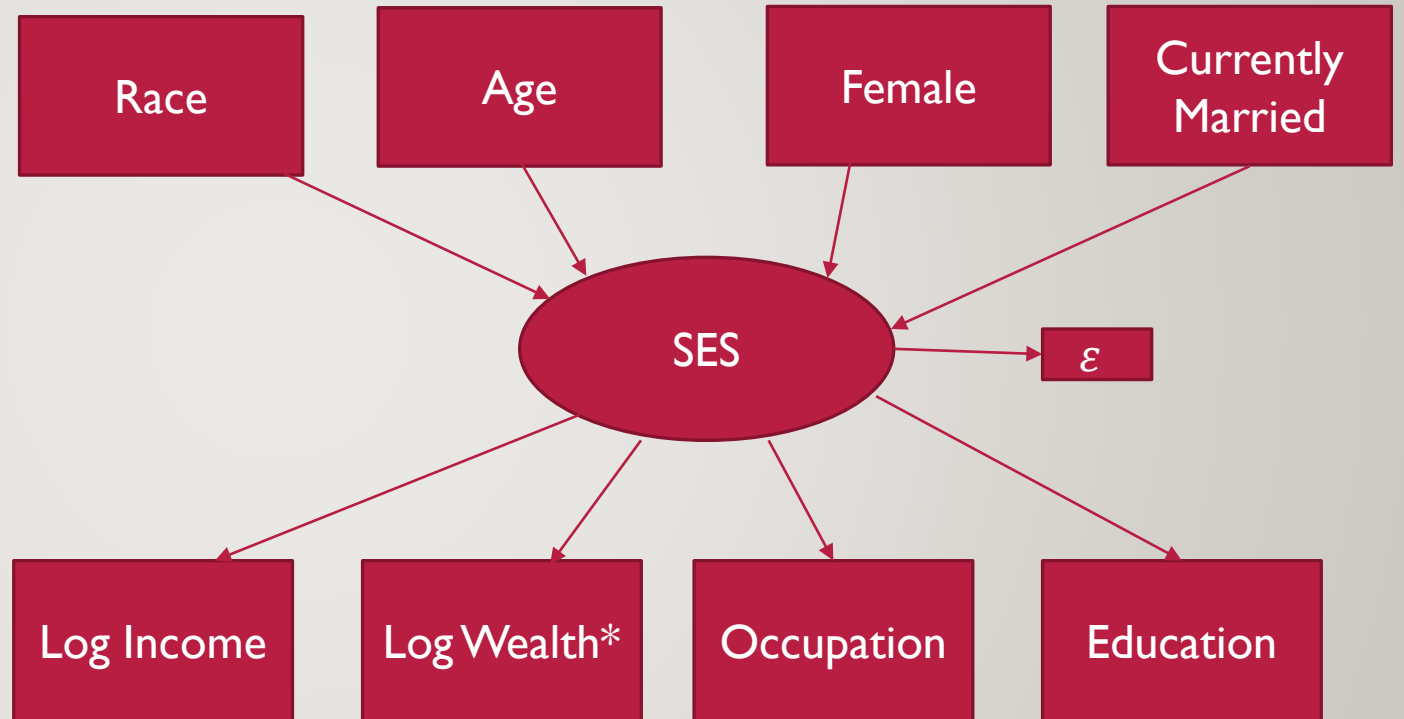
ADULT CHILD 2019+

- Household Income (104k, Median 77k)
- Wealth (231k, 51k)
- Education (14)
- Occupation (6)
- Med Neighborhood HH Income (54k, 47k)
- Controls:
 - Currently Married (54%)
 - Race (41% Black)
 - Age (44)
 - Female (55%)

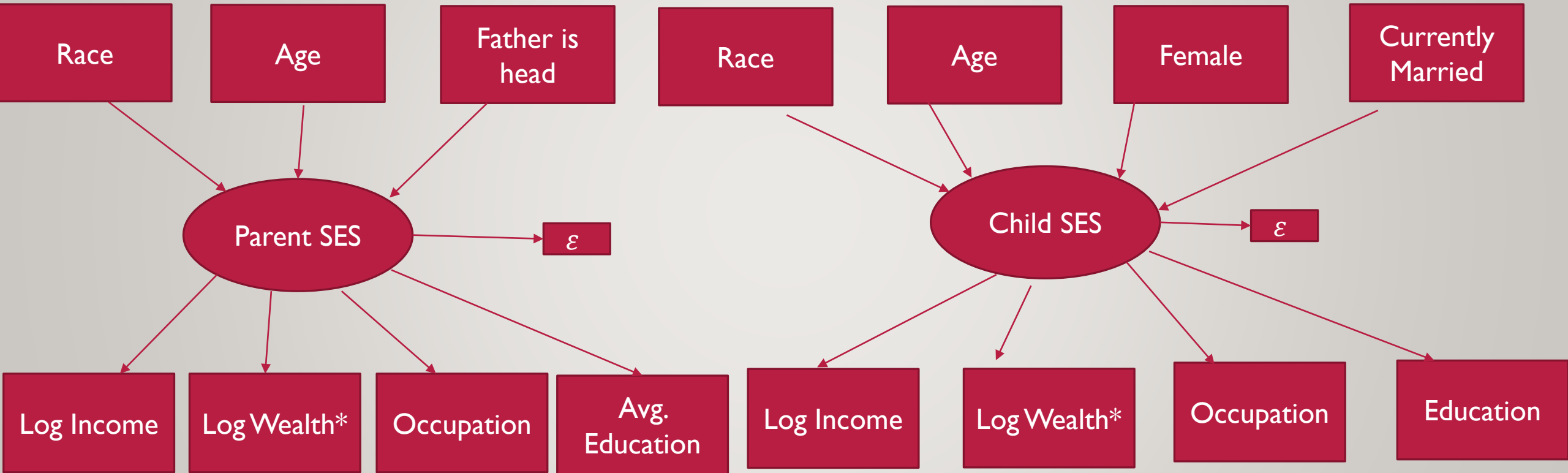
METHODS: MIMIC

TWO EQUATIONS: ONE EQUATION FOR THE VARIABLES SEEN AS. “CAUSING” THE LATENT CONSTRUCT: $\gamma = \Lambda f + \epsilon$

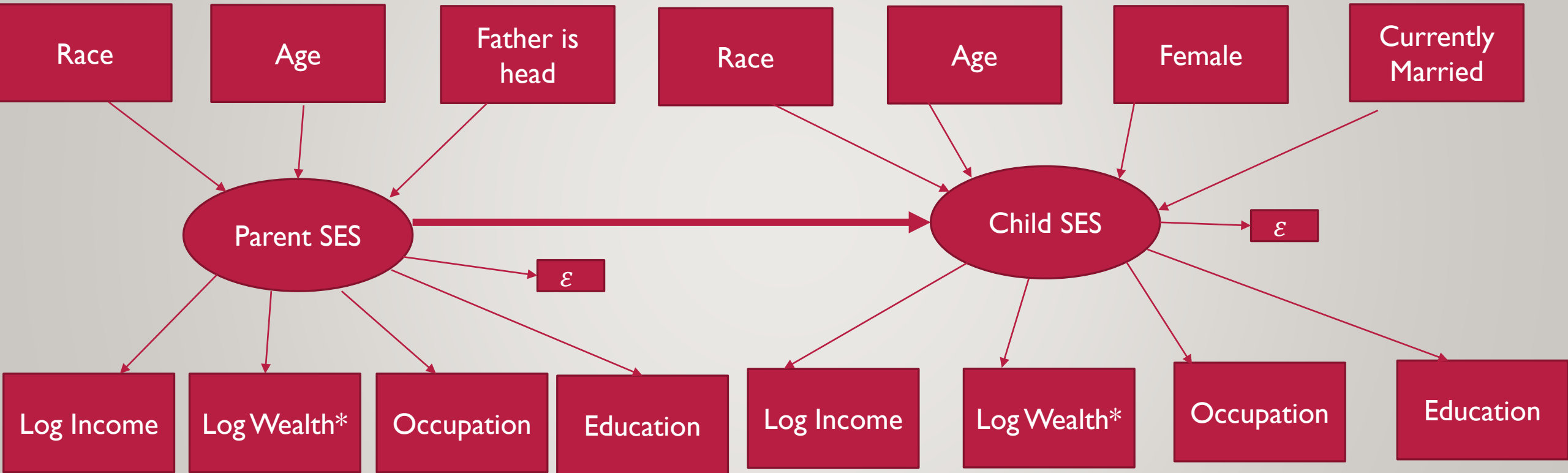
AND ONE FOR THE INDICATORS, OR THE VARIABLES THAT ARE TREATED AS OBSERVABLE INDICATIONS OF THE LATENT CONSTRUCT: $f = B\chi + \epsilon$



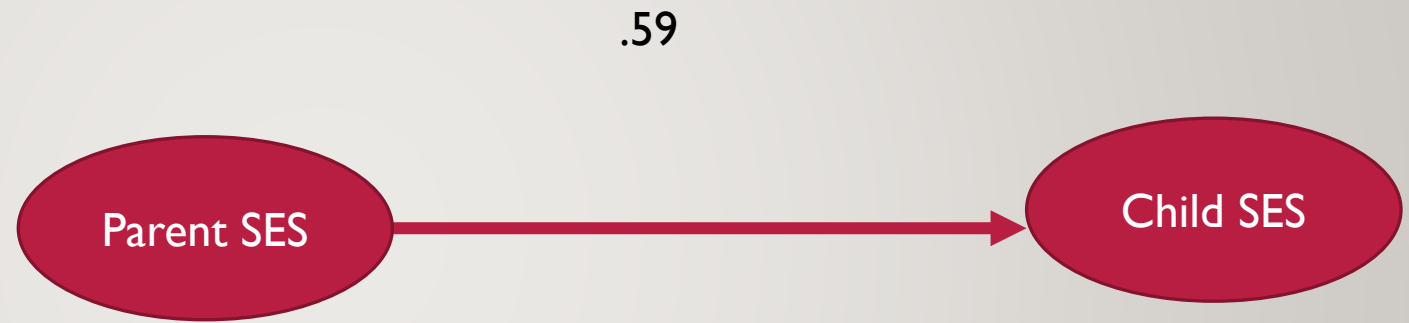
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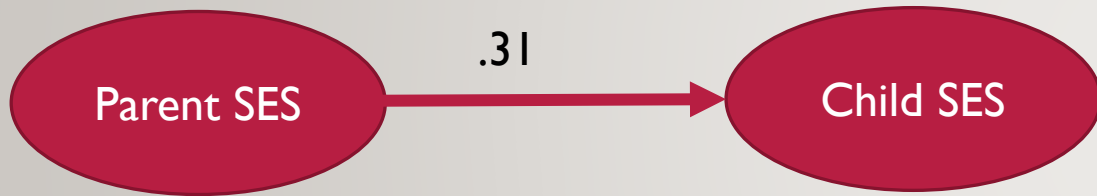
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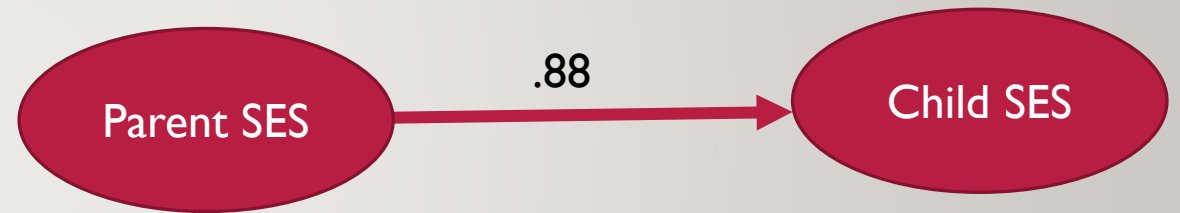
MIMIC



Black Families



White Families



FUTURE DIRECTIONS

- Capture larger sample by using more years of data
- Questions
 - How to gauge whether we are gaining new insight compared to estimations based on one SES components
- THANK YOU

APPENDIX

METHODS: LATENT PROFILE ANALYSIS

$$y_{ij} = u_j^{(k)} + \varepsilon_{ij}$$

GOAL: UNCOVER LATENT PROFILES OR GROUPS (K) OF INDIVIDUALS (I) WHO SHARE A MEANINGFUL AND INTERPRETABLE PATTERN OF RESPONSES ON THE MEASURES OF INTEREST (J)

Figure 1. Latent Class/ Groups Shape the Observed Characteristics

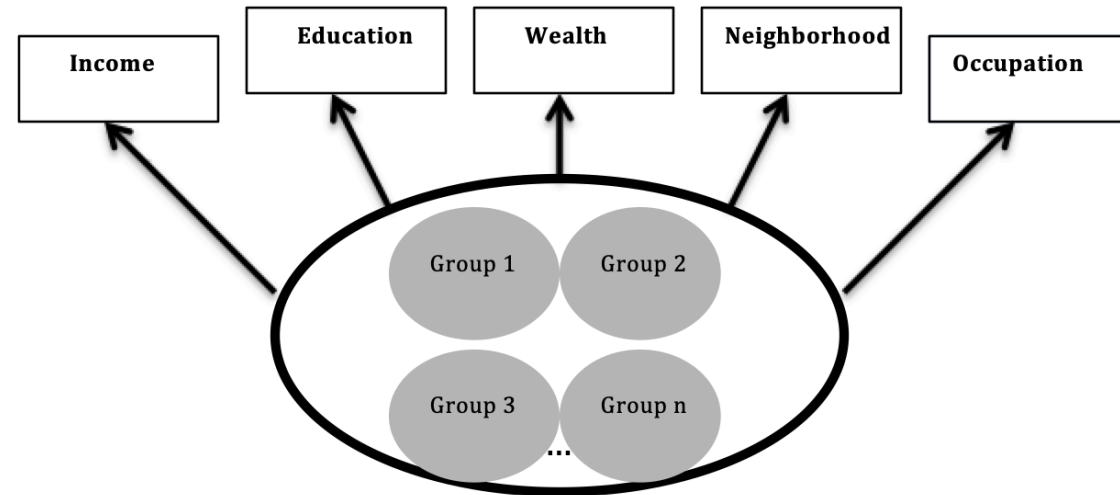


Figure 2. Intergenerational Mobility: Relationship Between Origin and Destination

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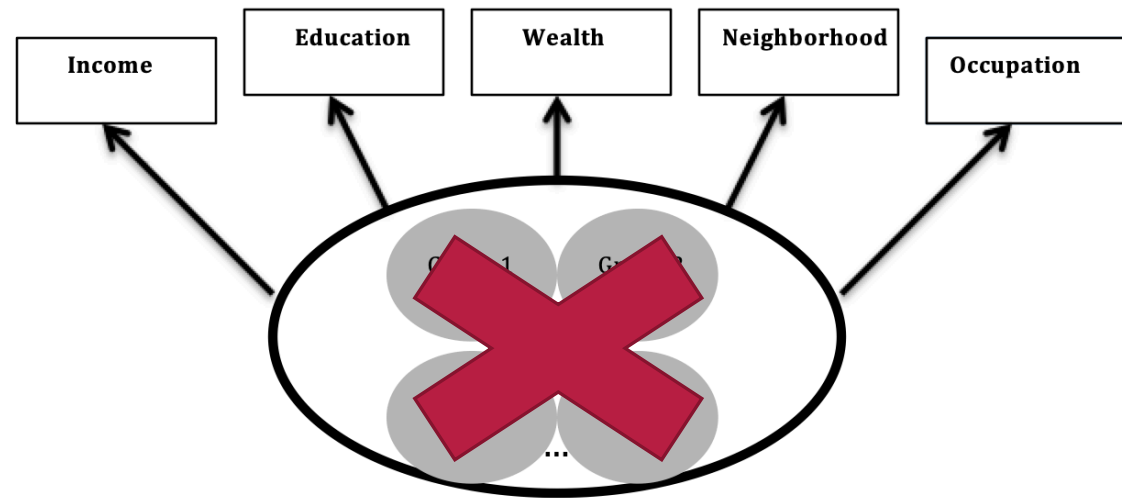


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