

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

# The Inheritance of Poverty in America

---

April 2<sup>nd</sup>, NYSCAA

**Richard V. Reeves**  
Center on Children & Families  
The Brookings Institution

**Inequality of Economic Opportunity**  
Federal Reserve Bank of Boston  
October 17, 2014

# Horatio Alger's version

“In this free country poverty in early life is no bar to a man's advancement. ... Save your money, my lad, buy books, and determine to be somebody,” Mr Whitney to ‘Ragged Dick’, 1868



# Politics of Opportunity

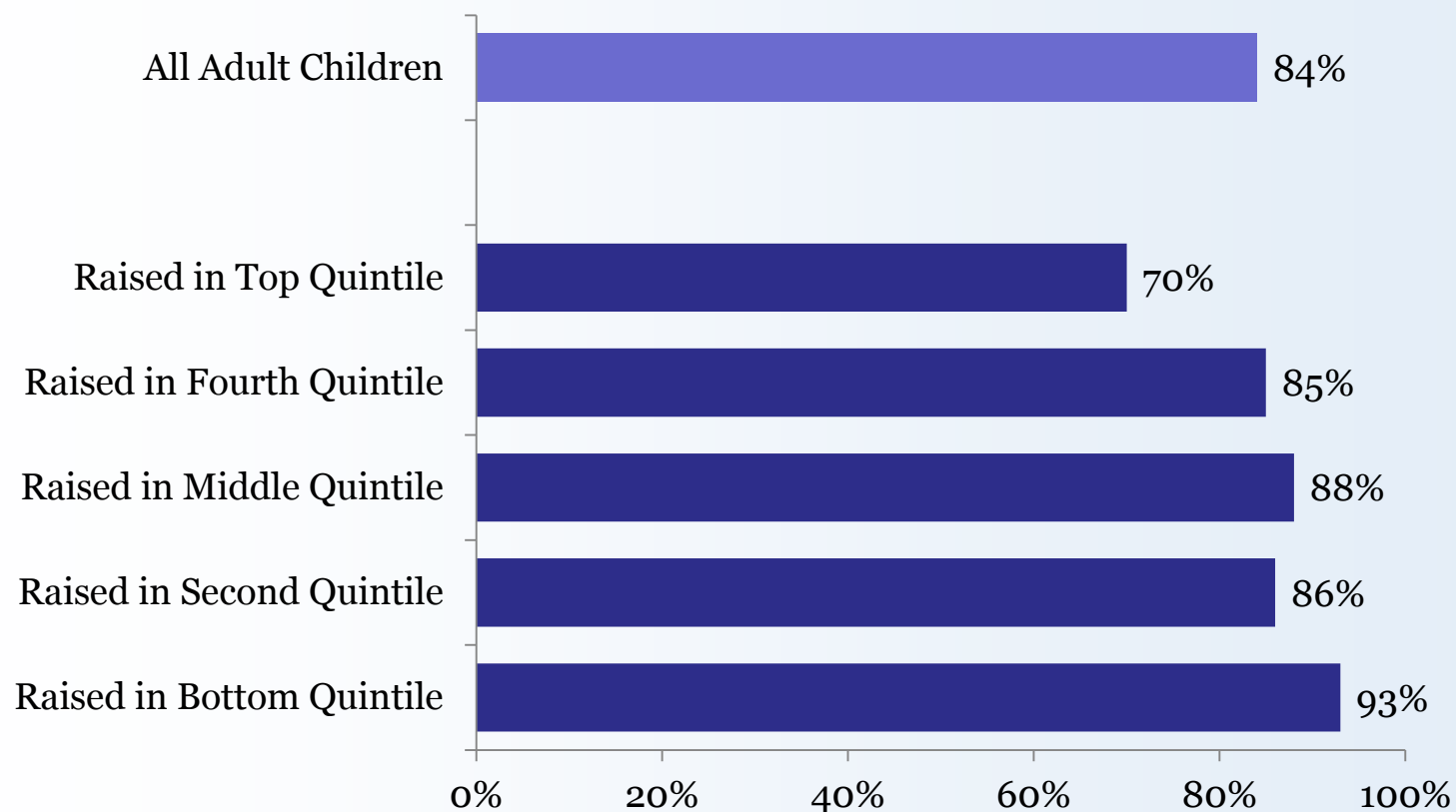
“A dangerous and growing inequality and lack of upward mobility...has jeopardized middle-class America’s basic bargain -- that if you work hard, you have a chance to get ahead. I believe this is the defining challenge of our time...”

*President Obama, Dec*

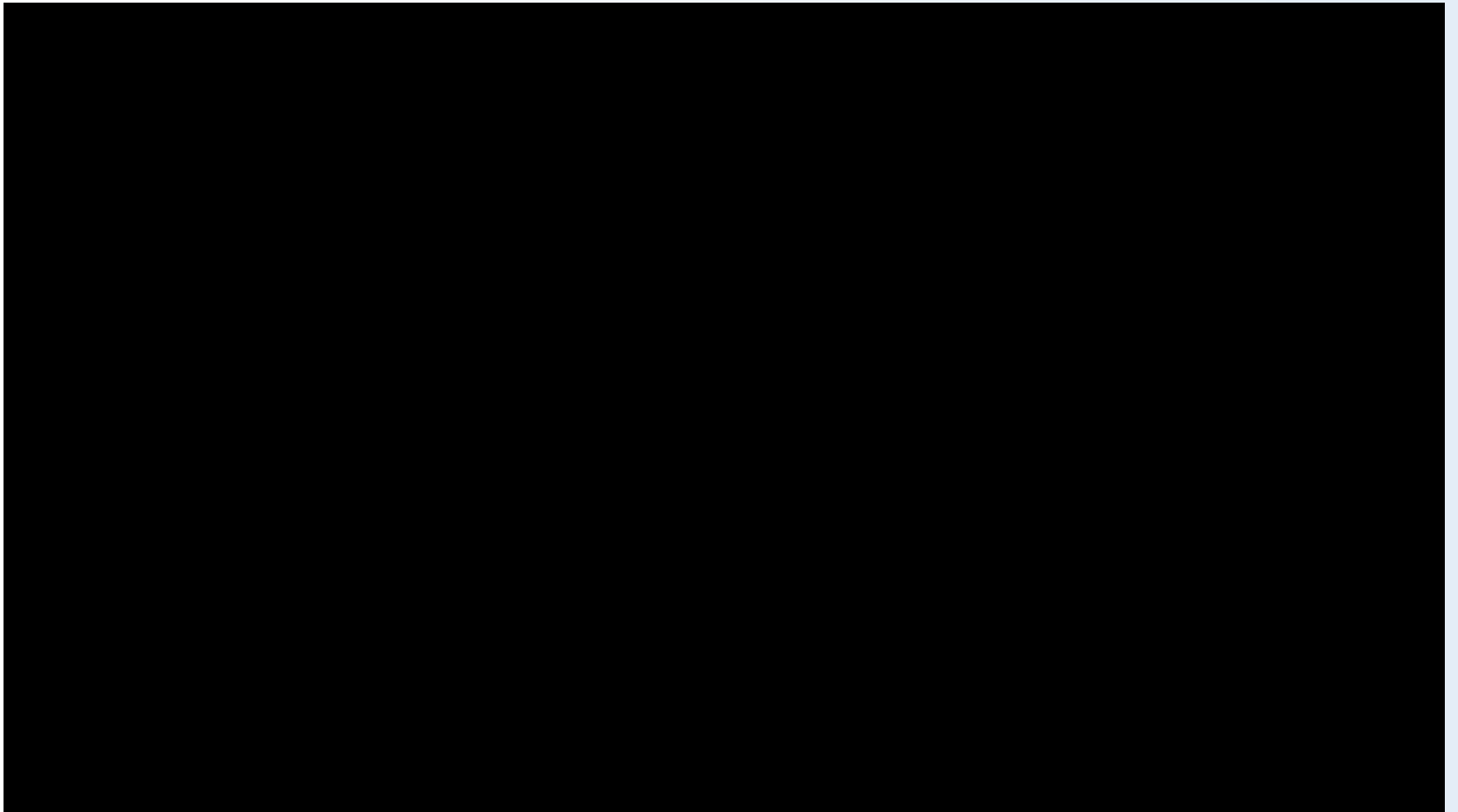


# Absolute Mobility: High (for now)

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

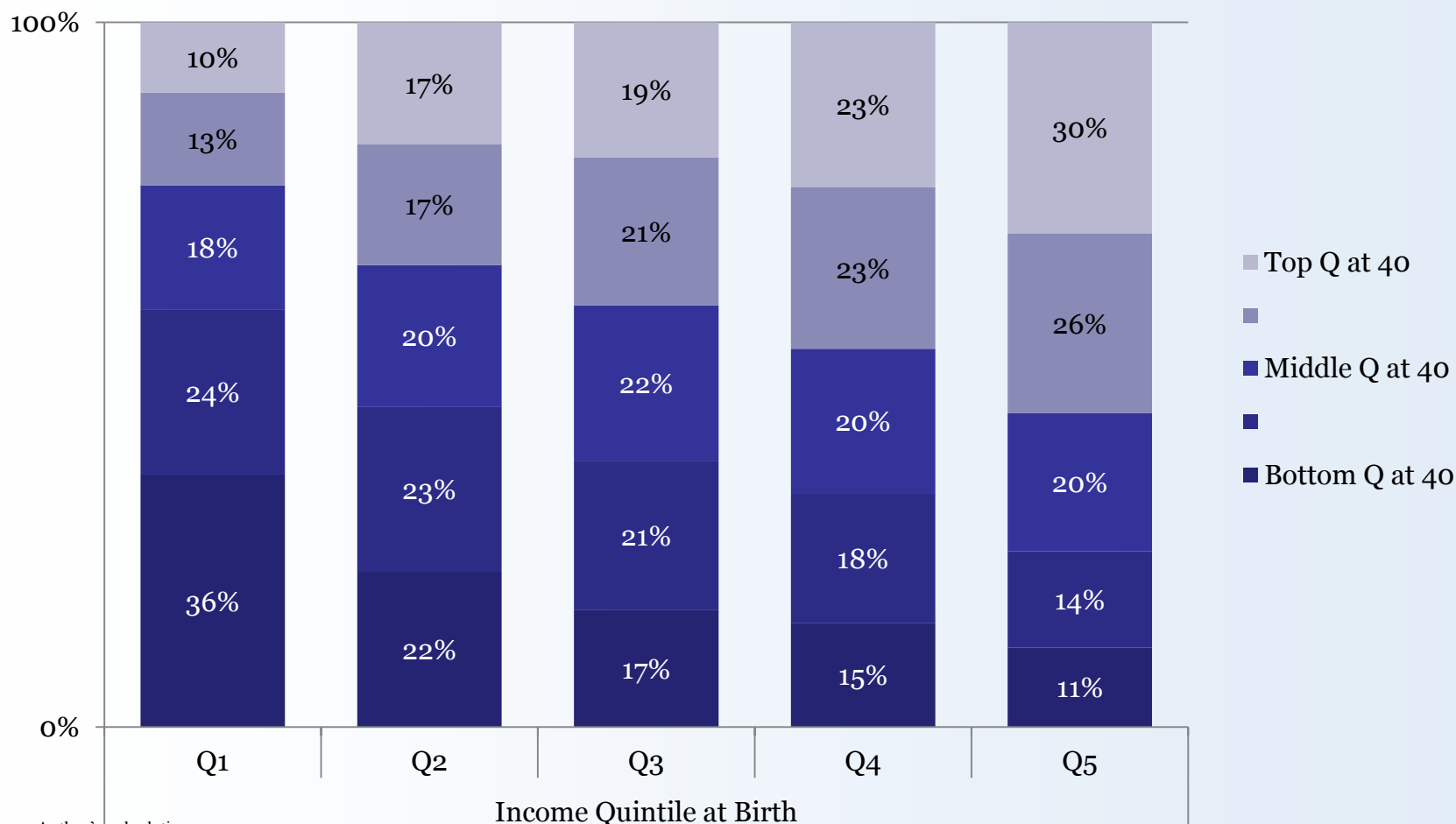


# The American Dream, In Lego...



# Overall US RIIM: Sticky Ends

Income Quintile Transition Matrix, US overall



Source: Author's calculations.

# Why? Four Key Factors = FERG

- Family – stability, parenting
- Education – achievement, skills, qualifications
- Race – esp. poor black mobility
- Geography – metros and neighborhoods

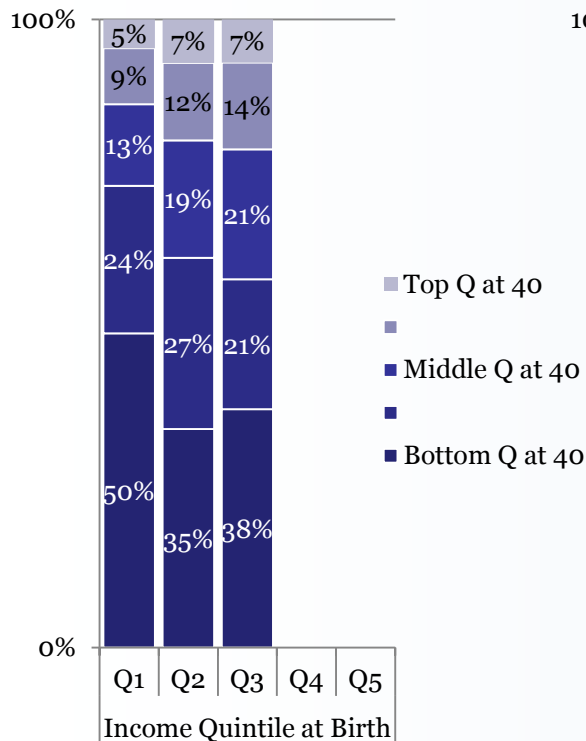
# Family



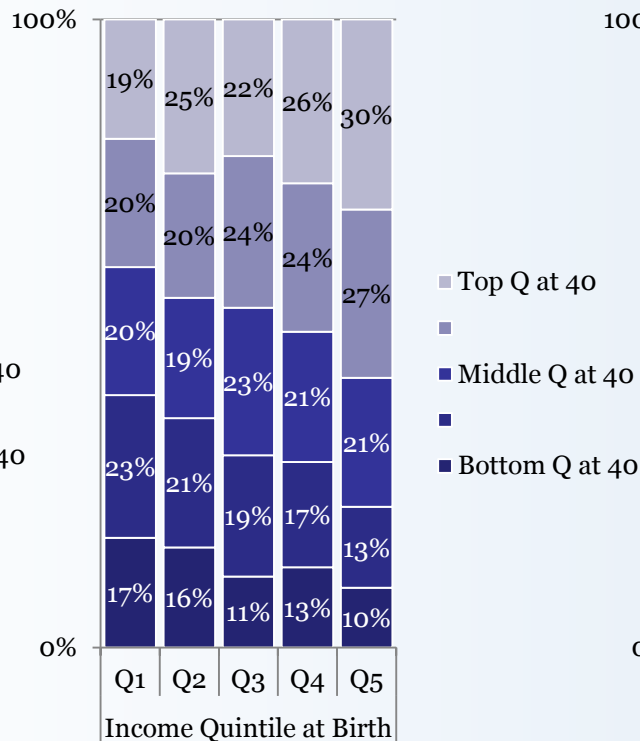
# Family: Mobility by Structure

## Social Mobility Matrices by Marital Status of Mother

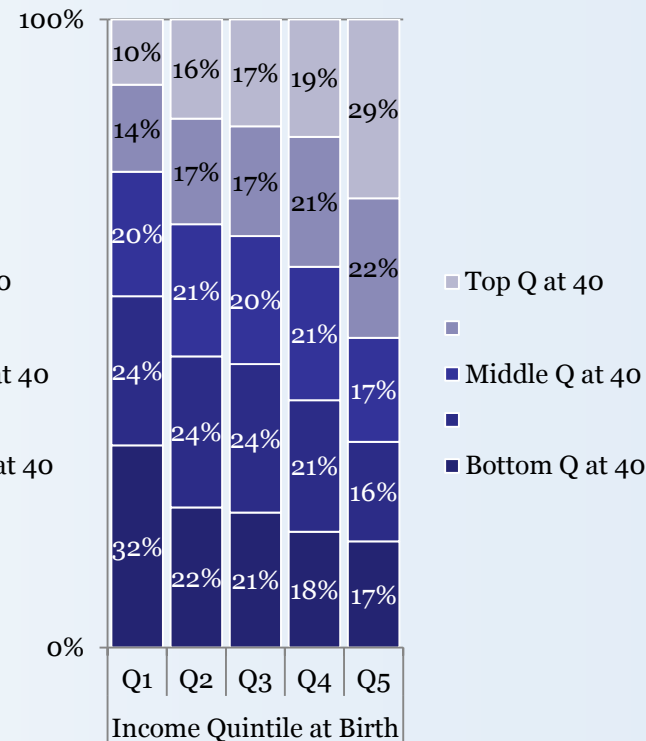
Never-Married Mothers



Continuously-Married Mothers



Discontinuously-Married Mothers

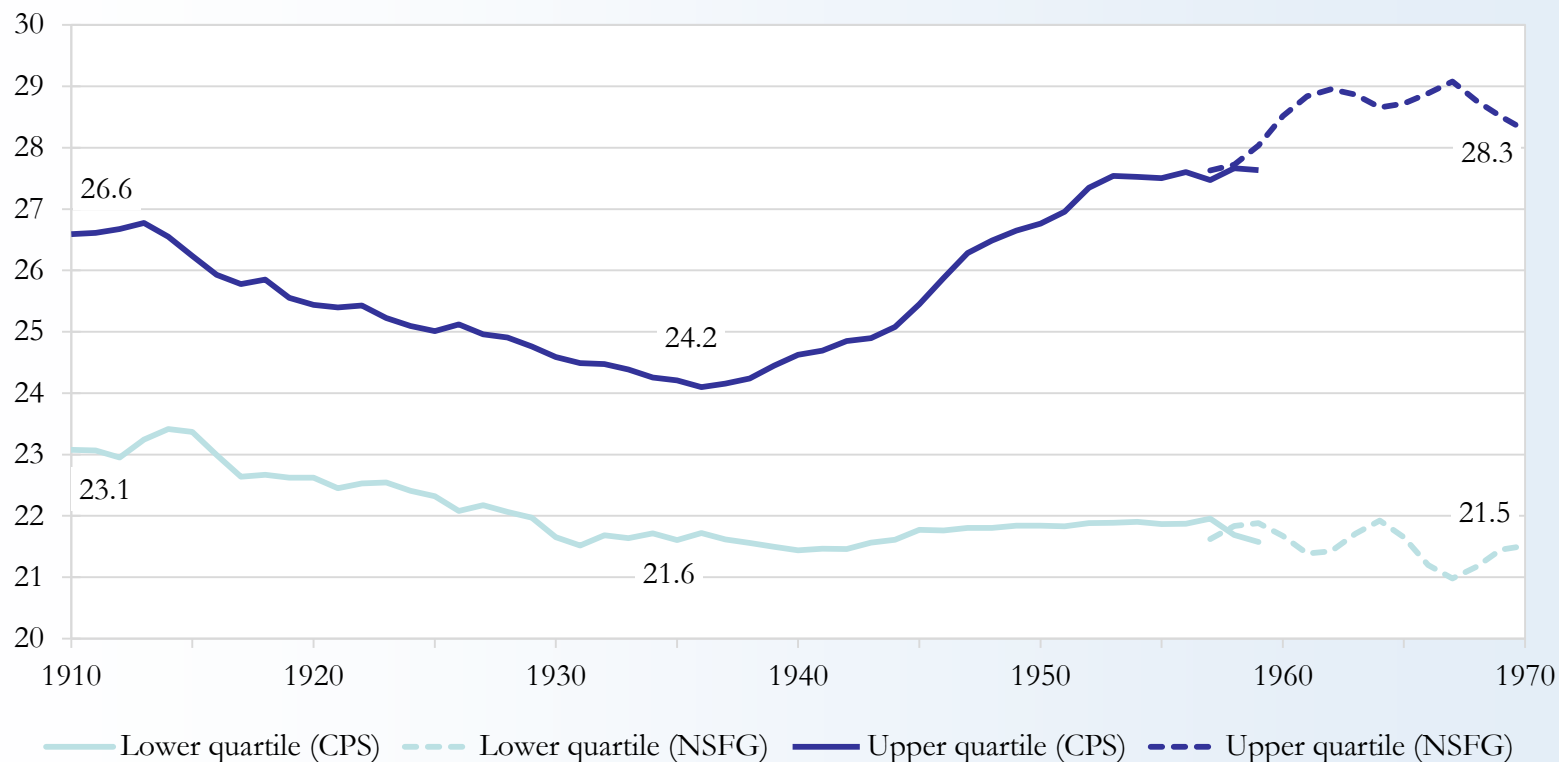


Note: The sample size is too small to calculate a matrix for those born in the top two income quintiles.

Source: Author's calculations.

# Age at First Birth: Change is at the Top

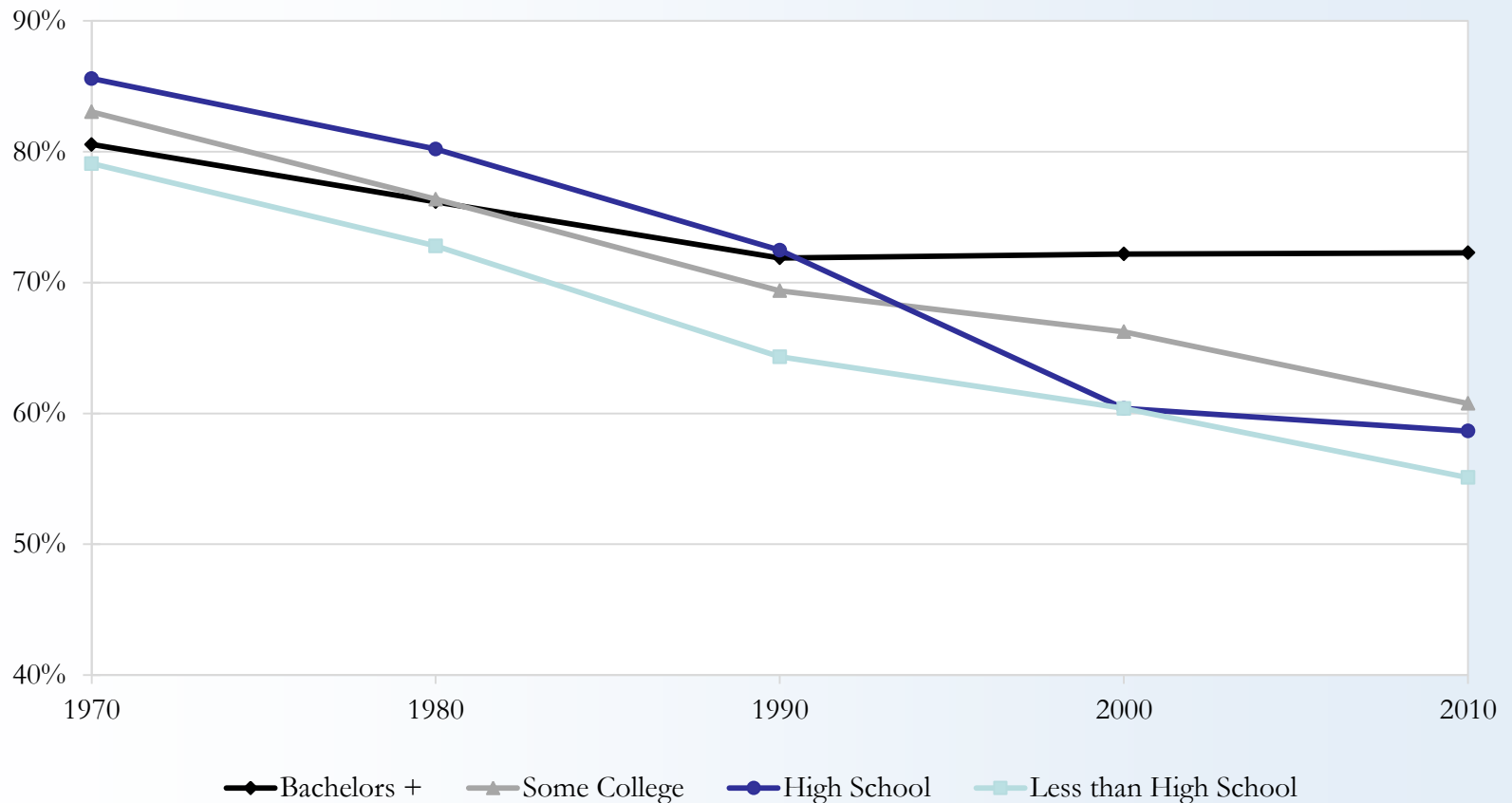
## Age at first birth by education quartile and birth cohort



Note: The figure plots age at first birth among women ages 36 or older, by birth cohort, using the June Current Population Survey (1910 through 1959 cohorts) and the National Survey of Family Growth (1957 through 1970 cohorts). All computations use the recommended population weights and are either 3-cohort (CPS) or 5-cohort (NSFG) moving averages.

# And for Marriage Rates

## Women's marriage rates by education



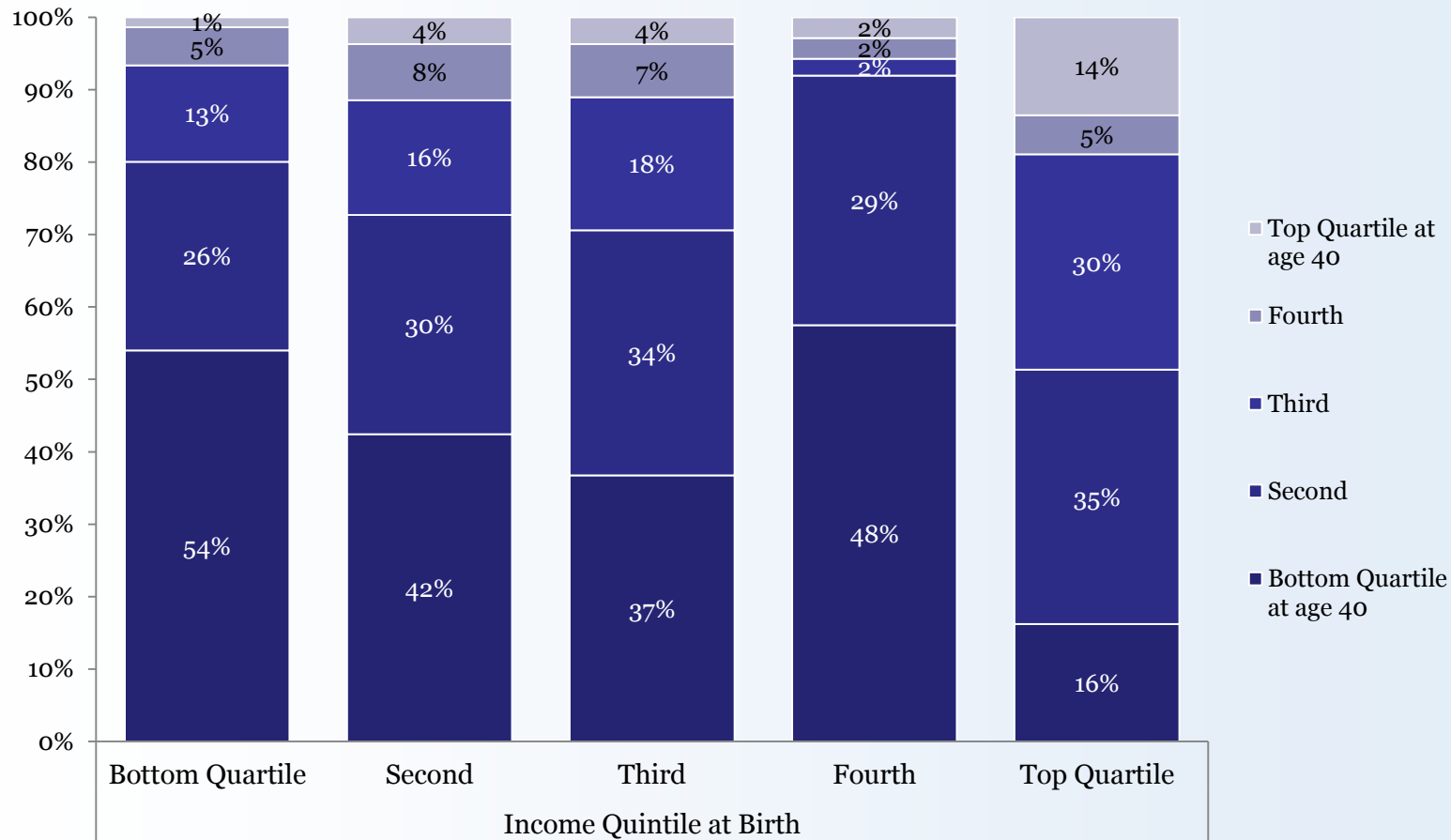
# Time spent with children

## Developmental time spent with parents by mother's education



# Education

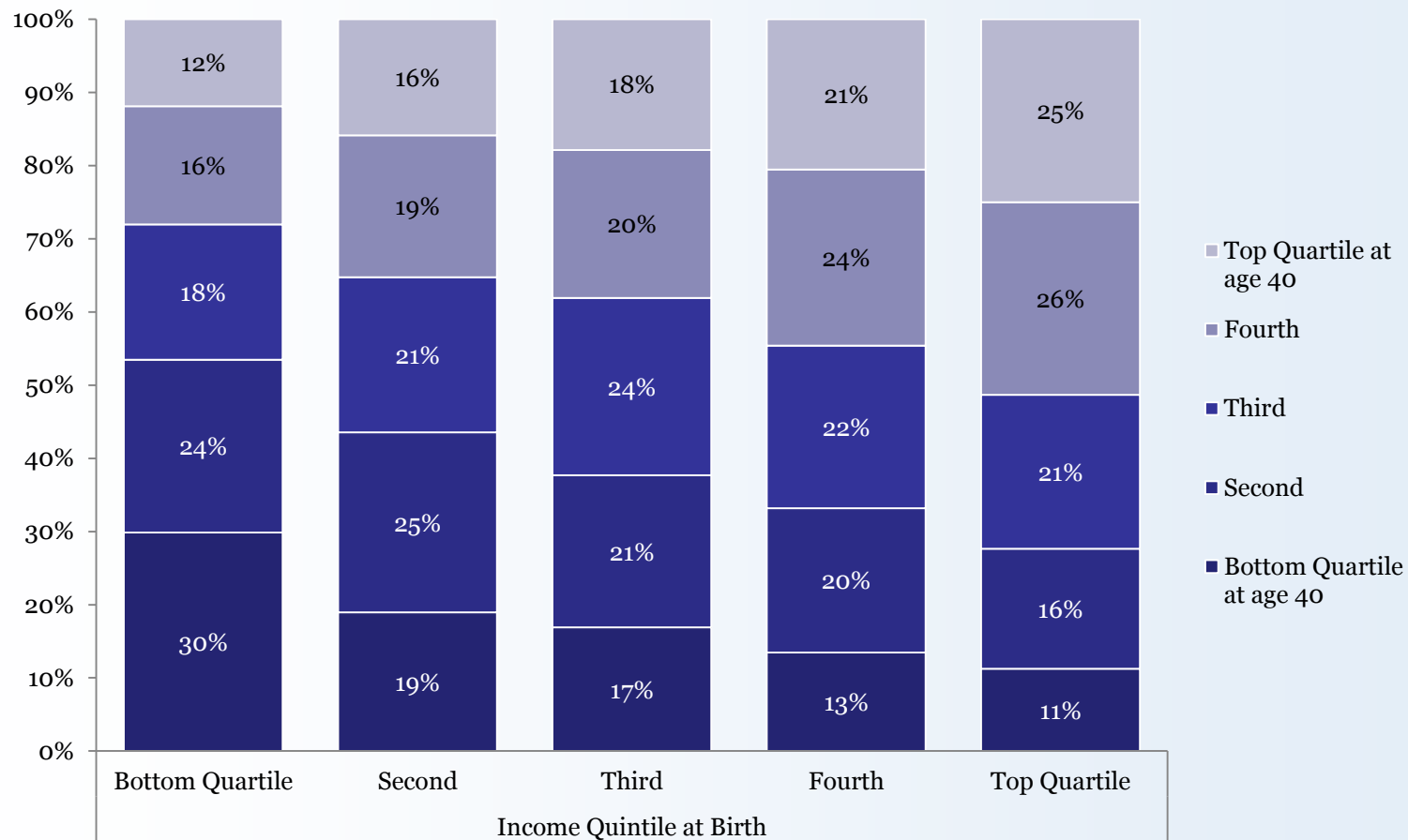
# Mobility: No High School



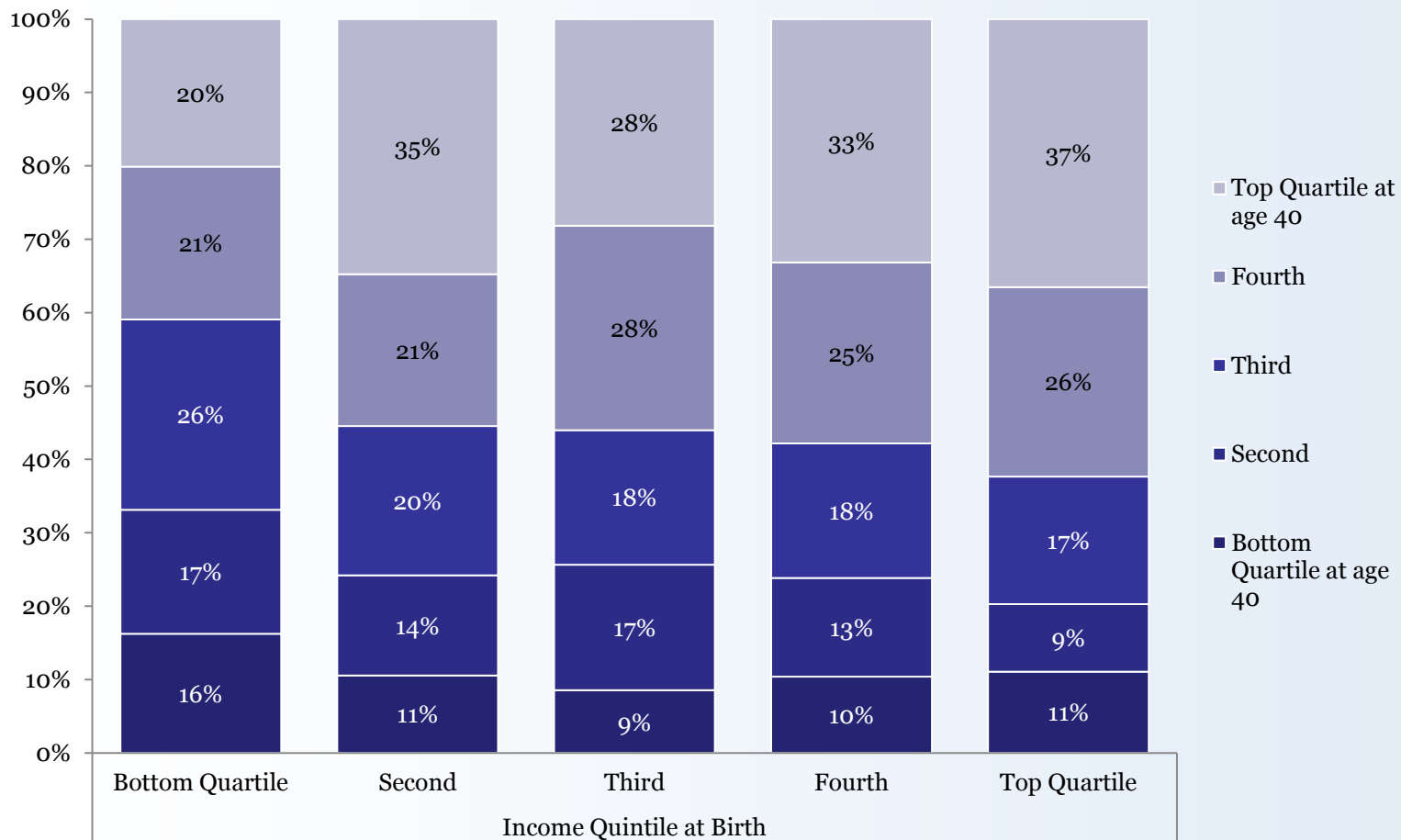
Note: Small sample size for high school graduates reaching the top quintile

Source: Author's calculations.

# Mobility: High School Graduate



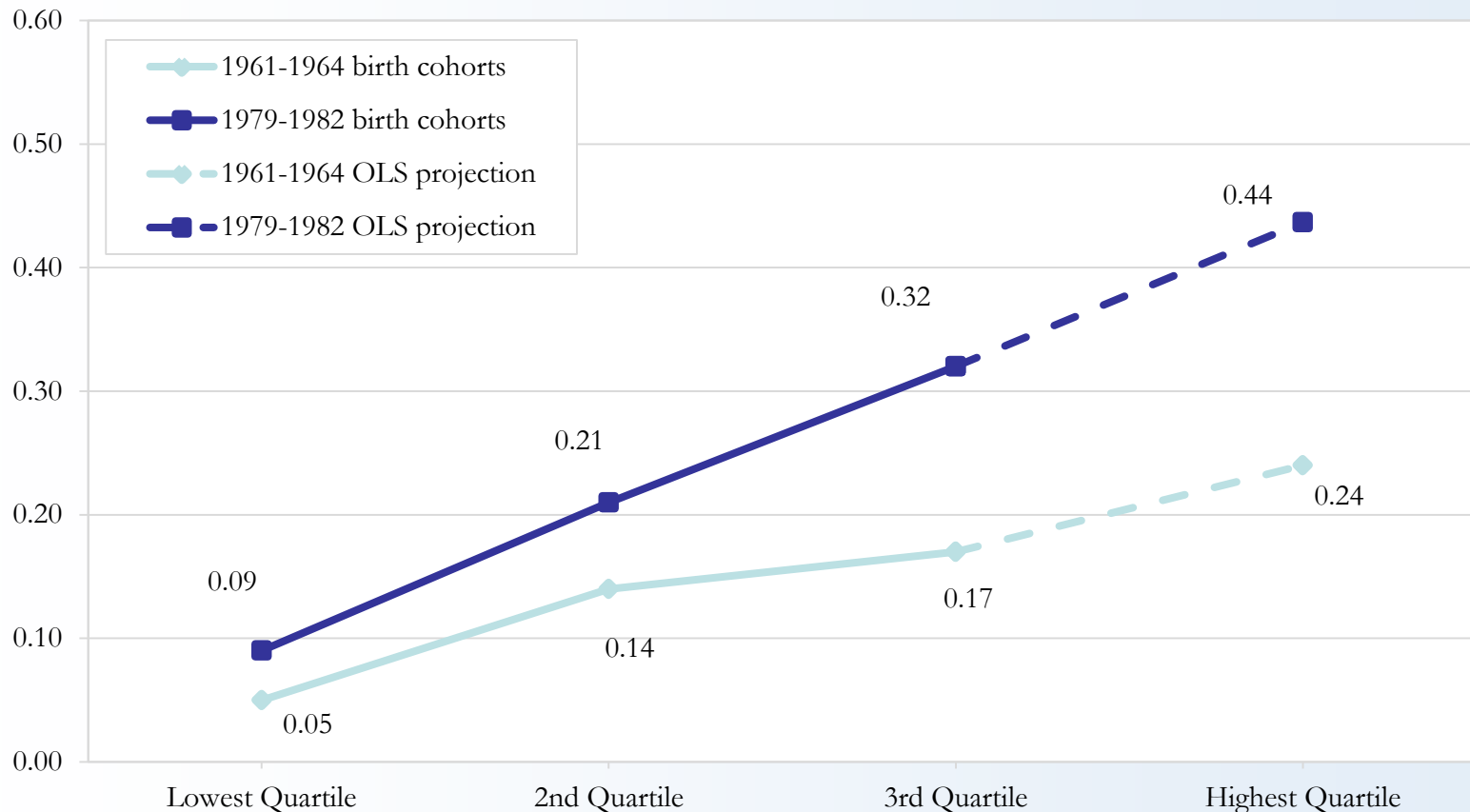
# Mobility: College Graduates





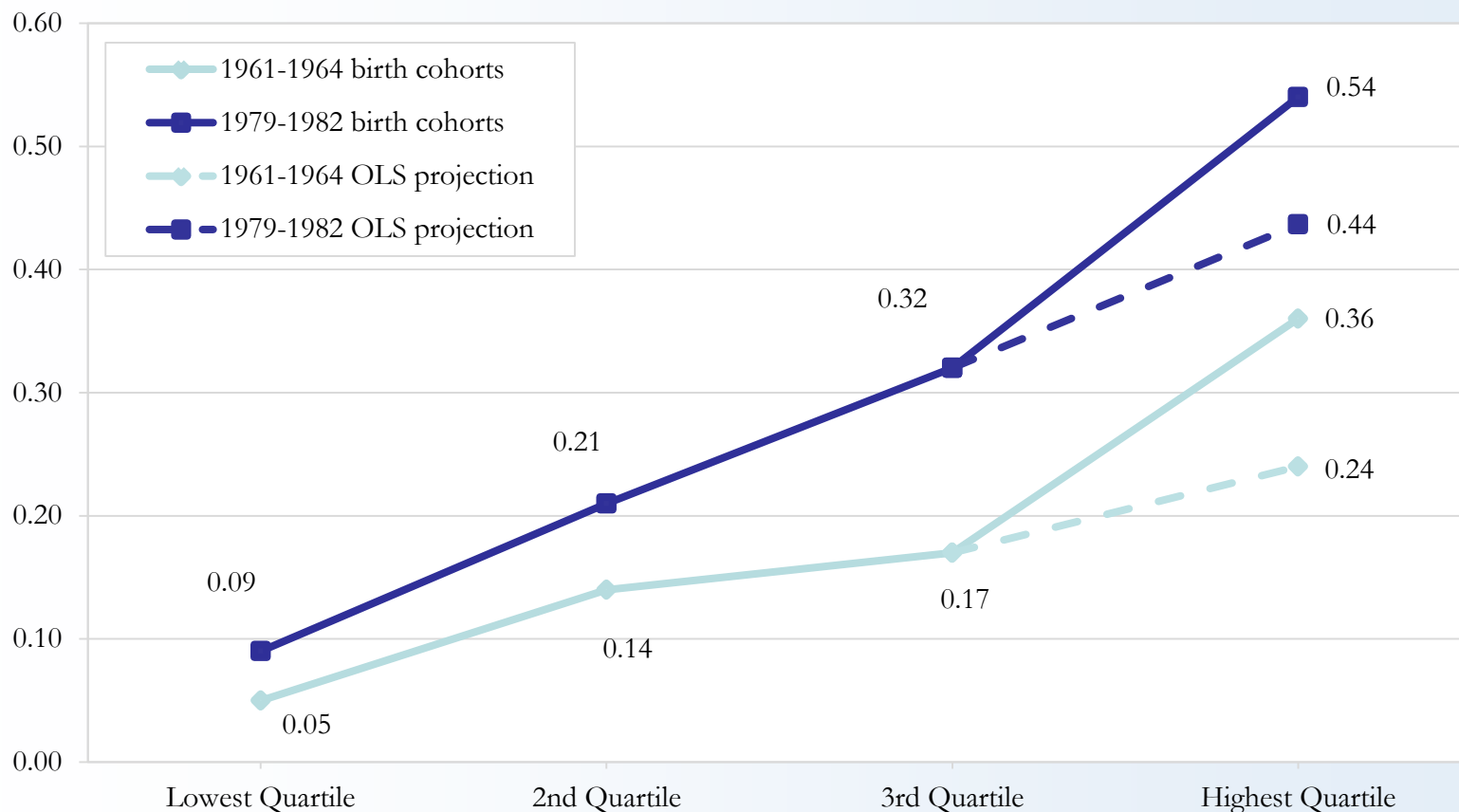
# And for College Completion:

## Fraction of students completing college, projected



# And for College Completion:

## Fraction of students completing college, actual

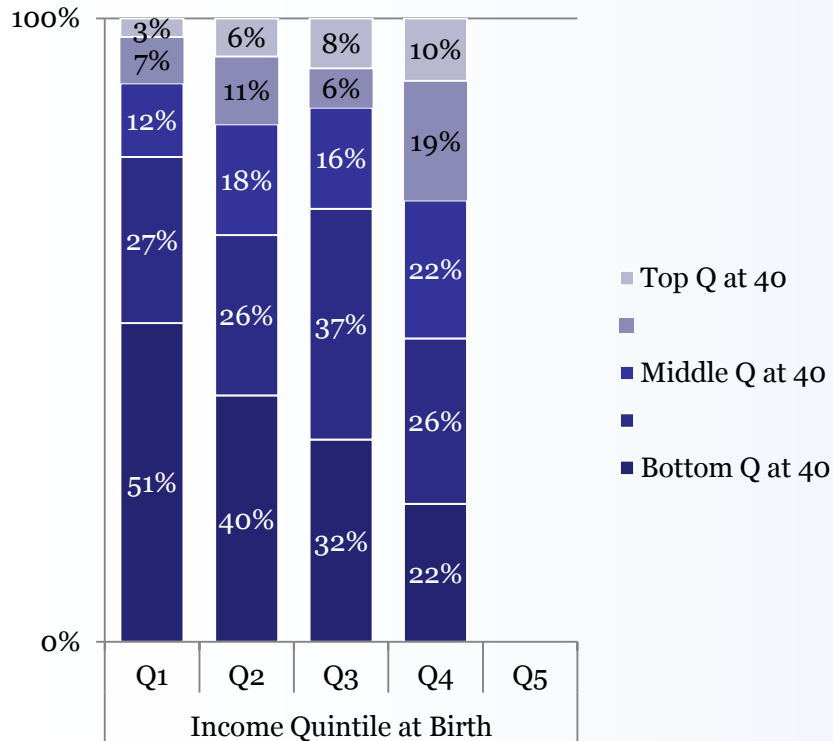


# Race

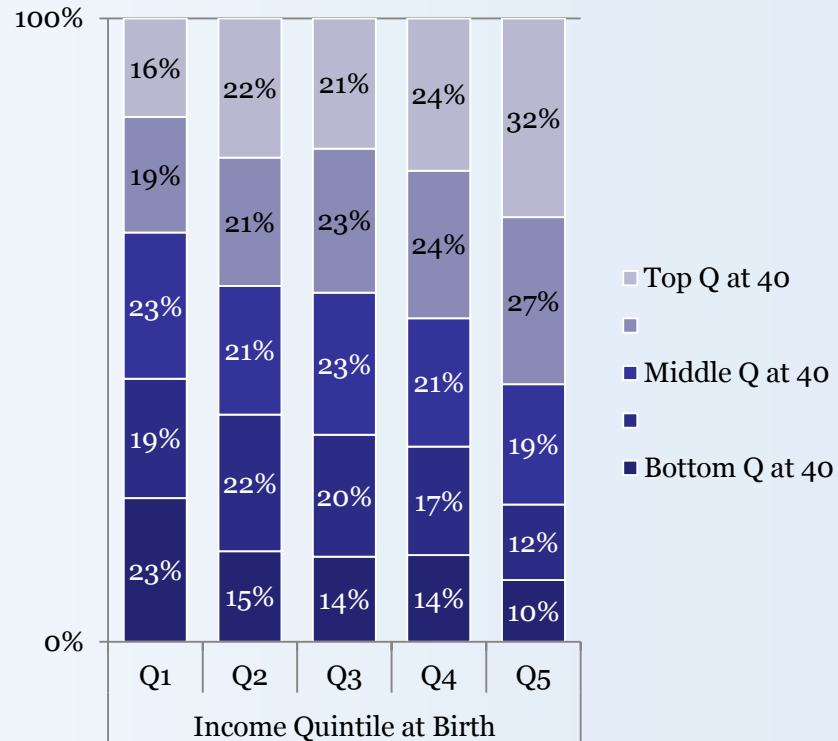
# Black Mobility Rates

## Social Mobility Matrices by Race

Black Americans



White Americans



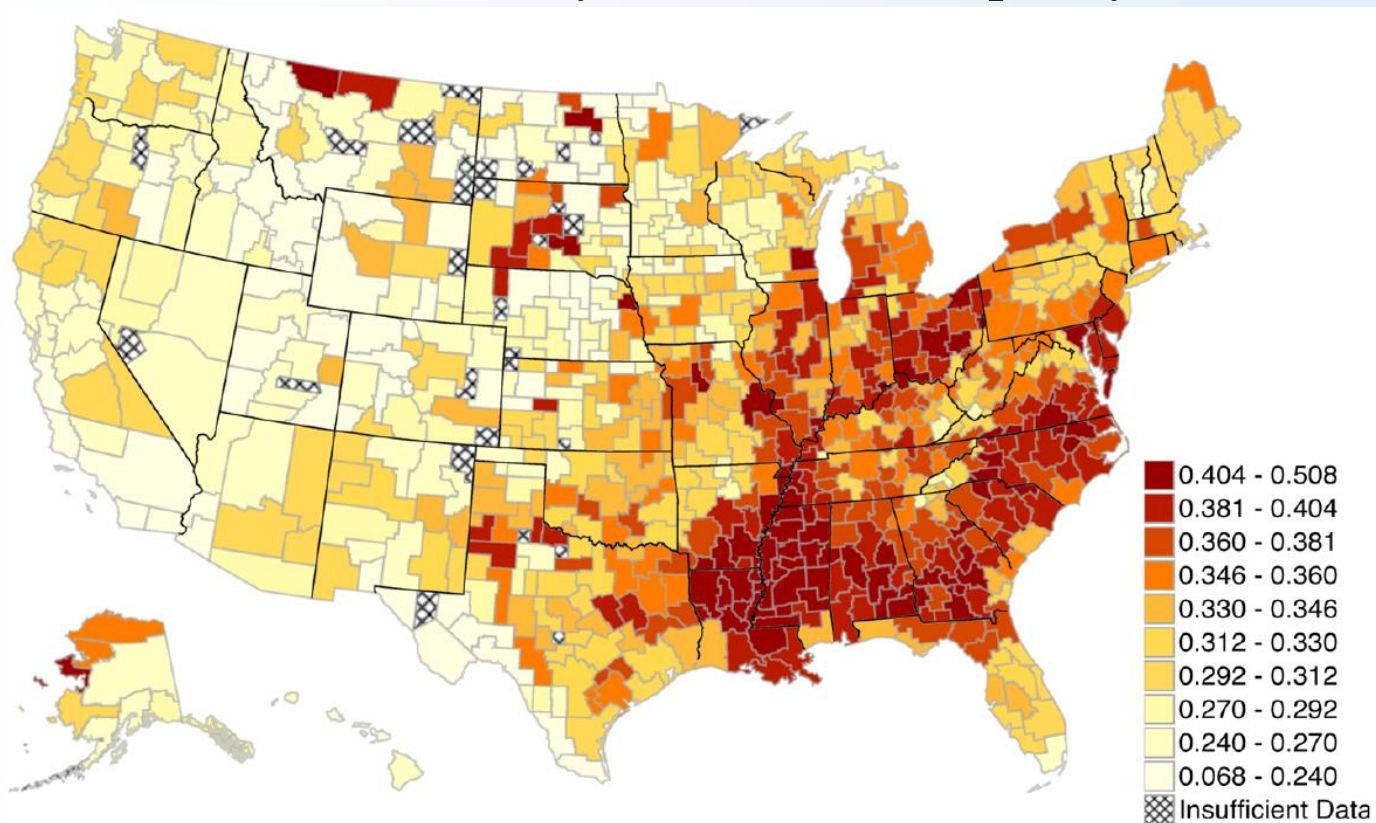
Note: The sample size is too small to calculate a matrix for those born in the top income quintile.

Source: Author's calculations.

# Geography

# Geography: Variation Within US

## Relative Mobility: Rank-Rank Slopes by CZ



Corr. with baseline  $\bar{r}_{25} = -0.68$  (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

# Concluding thoughts

- Inherited poverty is immoral
- Education is a *double-edged* sword
- Parenting matters *a lot*
- Race *is* still a big issue
- Communities are *critical*: this is a local as well as national challenge



 @richardvreeves

[rreeves@brookings.edu](mailto:rreeves@brookings.edu)

[www.brookings.edu/blogs/social-mobility-memos](http://www.brookings.edu/blogs/social-mobility-memos)