

NATIONAL
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Economic and Social Mobility: New Directions for Data, Research, and Policy

FINAL REPORT

Committee on Population

Committee on National Statistics



Intergenerational Mobility

Florencia Torche, Princeton University

- Important measure of economic and social well-being
- Rooted in the expectation that all individuals, regardless of family circumstances, should have the chance to improve their economic status

Absolute and Relative Mobility

Absolute mobility

- Measures whether individuals have a higher or lower standard of living than their parents
- *Absolute upward mobility* – captures the probability that adult children will outearn their parents
- Provides a tangible benchmark against which individuals can gauge their economic success

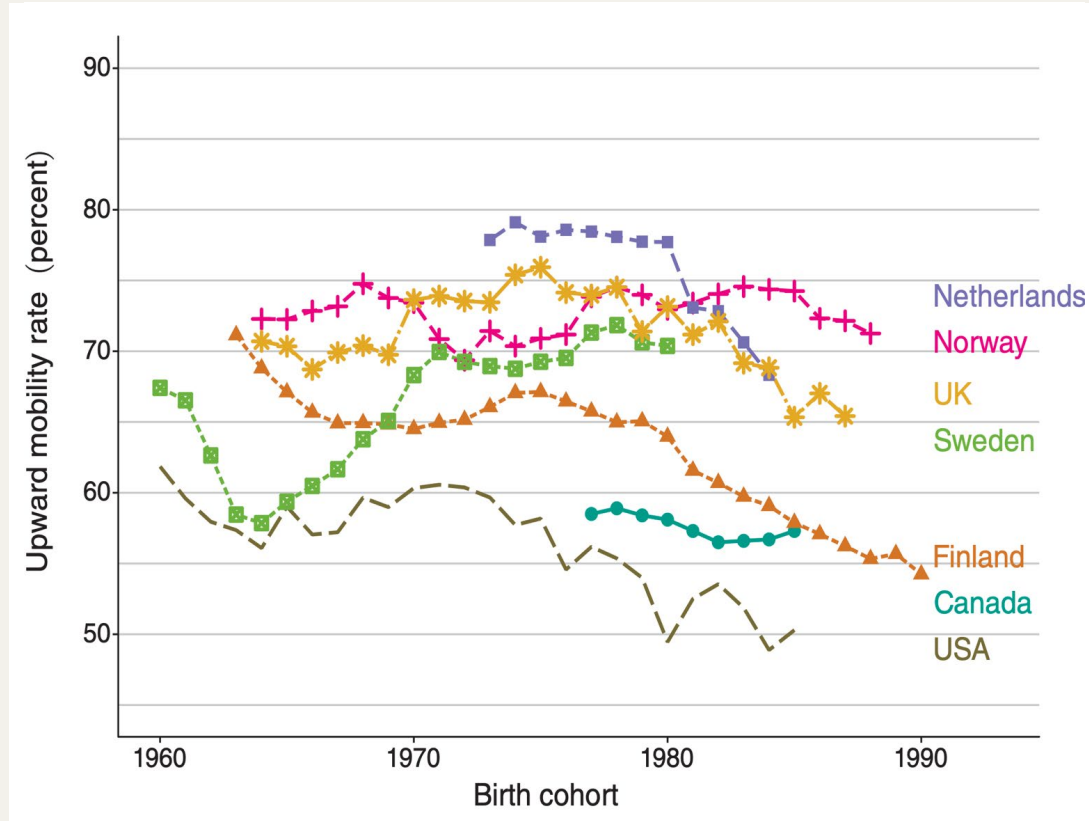
Absolute and Relative Mobility

Relative mobility

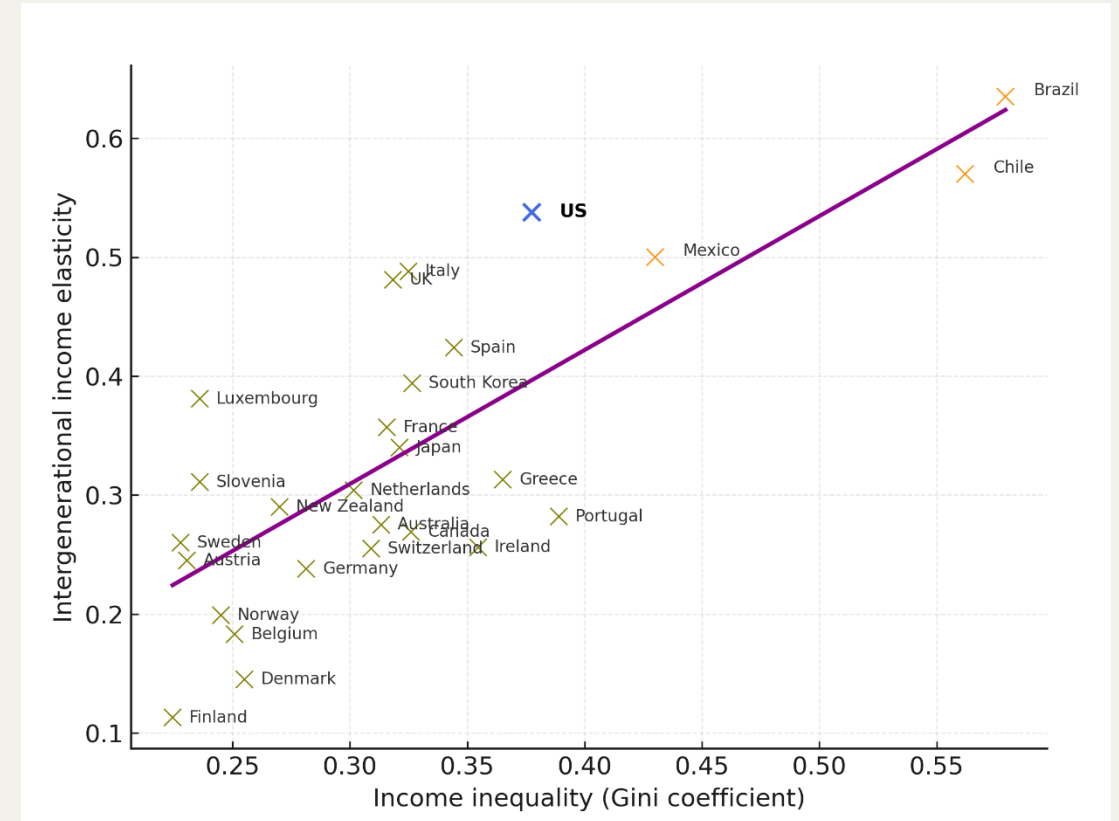
- Captures the persistence of socioeconomic status across generations (i.e., extent to which adult children's incomes depend on their parents' incomes)
- Closely related to equality of opportunity in a society
- Measures of relative mobility (e.g., intergenerational elasticity) are less concrete than those of absolute mobility

Need for Understanding and Improving U.S. Mobility

- **Absolute upward mobility** in the U.S. is no higher than in other affluent countries and has declined over time as inequality has grown
- **Relative mobility** is lower in the U.S. than in peer countries
- Limited U.S. mobility invites a **research agenda** to understand why mobility differs across places, people, and time
 - Requires a clear understanding of mobility patterns, factors that influence mobility, and how these factors are affected by policy interventions



International comparisons of
absolute upward mobility.



International comparisons of
relative mobility (intergenerational income elasticity).

Figure 1-1 and Figure 1-2 from report (Figure 1-2 updated using October 2024 World Bank data).

NASEM Study on Economic and Social Mobility

- Study sponsored by Gates Foundation
- 14-person study committee appointed by NASEM
- Six committee meetings (*five in-person, one virtual*)
- Three information-gathering sessions (*two in-person, one virtual*)
- 11 external reviewers

Study Committee

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Statement of Task

An ad hoc committee of the National Academies of Sciences, Engineering, and Medicine will undertake a study that will review and assess what is known about the factors that influence economic and social mobility in the United States, the mechanisms through which these factors operate, how they are affected by policy interventions, and how these relationships and mechanisms vary across and within different population groups. The study will identify key, actionable knowledge gaps; discuss promising conceptual, methodological, and data approaches; and make recommendations for policy-relevant research and evaluation.

Organization of Report

- Chapter 1 Introduction
- Chapter 2 Early Life and Family
- Chapter 3 Space and Place
- Chapter 4 Postsecondary Education
- Chapter 5 Wealth, Credit, and Debt
- Chapter 6 Data Infrastructure
- Chapter 7 New Directions for Research and Policy

Committee's Analytical Approach

- Measures of mobility link parents and adult children. This extended timeline makes it challenging to examine the factors that shape this intergenerational association.
- The committee focused on the pathways connecting parental circumstances with adult children's outcomes.
- Diverse kinds of evidence are considered – including descriptive, correlational, quasi-experimental, experimental, and qualitative.

Early Life and Family

Lawrence (Lonnie) Berger, University of Wisconsin, Madison

- Intergenerational mobility focuses on human capital and economic outcomes in adulthood – education, occupation, earnings, income, wealth. These outcomes are the result of life experiences leading up to adulthood.
- The family is the earliest “incubator” of human capital

Early Life and Family: Key Conclusions

- Circumstances of pregnancy and childbirth
 - Influenced by laws and policies, institutions, norms, social and economic conditions
 - Unintended and nonmarital births are adversely associated with determinants of upward mobility in multiple domains: infant and maternal health, cognitive and socioemotional development, human capital formation, economic well-being

Early Life and Family: Key Conclusions

- Parenting
 - Parental behaviors can require substantial investments of time and resources – e.g., physical care, cognitive and emotional stimulation, opportunities for child autonomy and age-appropriate play, activity arrangement
 - Socioeconomic disparities in parental resources and behaviors provide a mechanism for the persistence of advantage and disadvantage across generations

Early Life and Family: Key Conclusions

- Policies and programs that show promise for increasing upward intergenerational mobility:
 - Early childhood education programs; reproductive health policies that increase access to contraception and abortion
 - Economic support policies and programs that increase access to financial resources, food, and health care
- Evidence on other pregnancy risk prevention programs, abstinence education, and parenting intervention programs is less encouraging

Early Life and Family: Key Recommendations

- Better understanding of the causal mechanisms through which family context, parenting behaviors and the caregiving environment, and child development affect intergenerational mobility is needed
- To obtain a better causal understanding, researchers should:
 - Expand the use of existing longitudinal, administrative, and survey data
 - Further employ quasi-experimental and experimental approaches

Early Life and Family: Key Recommendations

- Long-term panel studies that follow multiple generations of family members (Panel Study of Income Dynamics, Future of Families and Child Wellbeing Study) should be maintained and expanded to:
 - Include detailed information on pregnancy intention and the circumstances of pregnancies, parenting, and child development
 - Refresh survey samples with respondents that represent contemporary populations
 - Follow children starting before birth, assessing them regularly at key developmental stages

Early Life and Family: Key Recommendations

- These panel studies should also be linked to administrative data from the Census Bureau, IRS, and state and federal agencies that administer core social welfare programs

Space and Place

Patrick Sharkey, Princeton University

- Spatial dimensions of intergenerational mobility in the U.S.
 - **People** (neighborhoods, extended family, romantic partners)
 - **Institutions** (schools, libraries, police departments, hospitals)
 - **Processes** (social interactions, community organization, political activity)
 - **Hazards** (crime, pollutants, water quality)

Space and Place

- Recent evidence has overcome methodological challenges associated with nonrandom selection into neighborhoods and cities
- Broad consensus that residential environments can have a causal impact on economic and social mobility and intermediate outcomes associated with mobility, including academic achievement, cognitive skill, physical and mental health

Space and Place

- Link between place and individual outcomes has moved beyond the question of *whether* neighborhoods matter – and toward questions of when, where, why, and for whom residential contexts matter
- While scholarship on the effects of place has grown over time, less attention has been paid to the **mechanisms** that undergird these effects

Space and Place: Key Conclusions

- Neighborhood-level mechanisms that link local residential environment with economic and social mobility include **schools**, **community violence**, and **local social networks**
- At larger levels of analysis (cities, counties, commuting zones), forces that influence economic and social mobility include **segregation** and **local labor market conditions**

Space and Place: Key Conclusions

Spatial policy strategies are either:

- 1) **Housing mobility policies** that help relocate disadvantaged families to higher-opportunity areas
- 2) **Place-conscious investments** that aim to bring opportunity and investment into disadvantaged areas

Space and Place: Key Conclusions

- **Housing mobility programs** have shown positive impacts on academic outcomes, employment, and earnings, particularly for children moving to low-poverty neighborhoods
- **Place-conscious investments** have shown success in improving outcomes – but evidence is mixed on the effectiveness of programs that have not targeted people in disadvantaged communities and have not provided a range of supports

Space and Place: Key Conclusions

- In addition to new housing mobility initiatives and place-based investments, it is important to consider **ending existing programs and policies** that amplify spatial and racial inequality (e.g., zoning, discriminatory housing practices, regressive federal housing programs)

Space and Place: Key Recommendations

- More convincing evidence is needed on the central **mechanisms** underlying the link between place and economic and social mobility
- Need to have a better understanding of **heterogeneity** in the relationship between place and mobility – which groups are mostly likely to take advantage of benefit from spatial policies and programs?

Space and Place: Key Recommendations

- Expanded role for **qualitative research** in strengthening the link between evidence and policy
- Literature on the impact of **investing in places** needs to be further developed
- Policy discussions on reducing spatial inequality should be expanded to include **existing policies that exacerbate spatial inequality**

Space and Place: Key Recommendations

- Consideration should be given to the **general equilibrium effects** of social policies (especially “re-sorting” people), as well as the **feasibility and costs** of different approaches
- Needs to be greater focus on regions and areas that have received relatively little attention in the literature on neighborhood effects and mobility, including **deeply disadvantaged rural areas, rural-adjacent small towns, and suburbs**

Postsecondary Education

Stefanie A. Deluca, Johns Hopkins University

- Elementary and secondary education (K-12) is one of the most well-studied periods for understanding how education shapes mobility
- The committee focused on postsecondary education because deep inequalities in post-secondary education **access**, **completion**, and **quality** require attention from research and policy

Postsecondary Education: Key Conclusions

- A four-year college degree remains a very strong predictor of economic well-being and a critical pathway for intergenerational mobility.
- There are considerable disparities in college enrollment and completion by family income, location of residence, and race and ethnicity.
 - There are also growing disparities by gender, favoring women, the consequences of which are poorly understood.

Postsecondary Education: Key Conclusions

- The U.S. postsecondary system is heterogenous, decentralized, and stratified. Colleges vary dramatically in their inputs and outcomes. Disadvantaged students are more likely to attend institutions with limited resources and poor outcomes.
- As borrowing for college has become more common over the past few decades, the costs of education have been shifted onto the most disadvantaged students.
- Postsecondary education has become an increasingly risky proposition for many students.

Postsecondary Education: Key Recommendations

- More comprehensive, distributive analyses are needed of the economic costs, benefits, and risks of college and of variations in returns in the heterogeneous postsecondary sector
- Researchers should examine whether postsecondary funding models in other countries (e.g., tuition-free vocational education, apprenticeship systems) are more effective than those in the U.S. at promoting economic mobility

Postsecondary Education: Key Recommendations

- On the **supply side**, researchers should study the effects of inputs, policies, and practices (e.g., curricula, pedagogical techniques, class size, connections to employment opportunities) on the **quality** of postsecondary education and implications for mobility
 - A large literature has examined the effects of inputs, policies, and practices on K-12, but the analogous evidence base for postsecondary education is very thin

Postsecondary Education: Key Recommendations

- People transition into and out of school and work throughout their lives, and these transitions are important to shaping economic mobility. However, they receive far less attention than the transition to college.
- Researchers should study the effectiveness of programs and policies to support multiple transitions and pathways between schooling, training, and work, including among those without bachelor's degrees
 - Job training, alternative credential programs, immersive training programs, certifications

Wealth, Credit, and Debt

Fabian T. Pfeffer, Ludwig-Maximilians-Universität München, Germany

- In comparison to peer countries, the U.S. has low levels of wealth mobility and the highest levels of wealth inequality and concentration of wealth at the top
- Housing is a key source of wealth and stability, and housing assets are the primary source of wealth for the average U.S. household and for a majority of households

Wealth, Credit, and Debt: Key Conclusions

- The most distinctive feature of wealth (unlike education, occupation, or income) is that it can be transmitted directly to one's children and grandchildren
- The transmission of wealth can also take place indirectly, through supporting children's early development, educational attainment, and labor market entry
- Family wealth can also provide a safety net that supports the next generation's ability to take risks

Wealth, Credit, and Debt: Key Conclusions

- Wealth accumulation and intergenerational wealth transmission are shaped by multiple institutions that have not been and are still not race neutral (e.g., segregated housing markets, racialized access to mortgages, predatory lending practices)

Wealth, Credit, and Debt: Key Conclusions

- Credit and debt are not monolithic
 - For many individuals, they provide opportunities to make investments in human capital and core assets (e.g., homes) and to take risks that facilitate wealth accumulation and upward mobility
 - For others, credit and debt can hinder upward mobility or even produce downward mobility
- Student debt, which accounts for a sizeable share of the debt burden of U.S. households, represents this tension

Wealth, Credit, and Debt: Key Conclusions

- Policies can target the intergenerational transmission of wealth at different points in the wealth distribution
 - Top (inheritance and wealth taxation)
 - Middle (housing policies)
 - Bottom (credit market regulation, asset-building policies)
- More universal policies can build a common stock of wealth – e.g., universal stakeholder grants & baby bonds

Wealth, Credit, and Debt: Key Recommendations

- Examine the intergenerational behavioral implications of assets and debt to better understand the channels through which wealth is transmitted
- Expand the traditional two-generation mobility framework by considering the role of grandparental wealth and debt

Wealth, Credit, and Debt: Key Recommendations

- Examine the ongoing role of institutions, policies, and practices in reproducing racial/ethnic wealth gaps – and expand beyond White and Black populations to generate evidence on wealth mobility patterns for other racial/ethnic groups
- Study in what circumstances, how, and for whom different forms of credit and debt are helpful or harmful for economic and social mobility

Wealth, Credit, and Debt: Key Recommendations

- Research is needed on the relative costs, benefits, and long-term effects of (and the potential of existing and new tax policies to support):
 - Policies that target intergenerational wealth transmission at different points in the wealth distribution (top, middle, bottom)
 - Universal policies that seek to provide wealth transfers to all families or young people
 - Broader institutional changes that would reduce families' reliance on private wealth to support the next generation

Data Infrastructure

Kenneth R. Troske, University of Kentucky

- The U.S is moving toward a modern integrated data system based on linked administrative data
- Measuring intergenerational mobility poses many challenges, and commonly used survey data and new administrative datasets are important for addressing them

Data Infrastructure

- Central challenge ahead – developing sustainable structures that ensure increased and equitable access to new data resources – requires cooperation among the many stakeholders in the data ecosystem
- Although linked administrative data form the backbone of data resources to study intergenerational mobility, research still requires survey data for understanding factors not found in administrative data or not available for research purposes

Data Infrastructure: Key Conclusions

- Research on mobility-relevant programs and policies requires the use of blended, multigenerational data for multiple domains (family, place, education, wealth), including both survey and administrative data
- A process for ensuring that qualified researchers can access these blended data within a secure environment is also needed

Data Infrastructure: Key Conclusions

- The data structure for studying mobility will be strengthened if:
 - State agencies provide data on state transfer programs to the U.S. Census Bureau and data on vital statistics to the National Center for Health Statistics
 - The federal government is enabled to maintain a national database of student records

Data Infrastructure: Key Conclusions

- To create and provide access to data for studying mobility, funding is required for:
 - Streamlining the data application process
 - Improving linking
 - Supporting Federal Statistical Research Data Centers (FSRDCs)
 - Enhancing the survey infrastructure
 - Expanding qualitative research

Data Infrastructure: Key Conclusions

- Despite the importance of mobility research, the U.S. research infrastructure does not single it out as a zone of inquiry that deserves special organizational support or funding
- The creation of a **National Mobility Center**, serving as a clearinghouse and resource center for statistics on and analysis of mobility trends and dynamics, would help ensure that the country's commitment to equal opportunity is properly accounted for when policy is developed and evaluated

Data Infrastructure: Key Recommendations

- The U.S. chief statistician should work with federal agencies to advise legislators and policymakers on the need to revise regulations to improve data sharing across federal statistical agencies
- To provide researchers with tiered access to new blended data, federal agencies should review and revise policies concerning external data sharing with the broader research community

Data Infrastructure: Key Recommendations

- Federal agencies should collaborate with the National Secure Data Service to improve the data acquisition and linking process by assigning protected identification keys (PIKs) to federal surveys

Policy Approaches for Increasing Economic and Social Mobility

David B. Grusky, Stanford University

Two main approaches: **safety net** and **institutional**

1) **Safety net approach (i.e., the dominant approach)**

- Stated purpose is to reduce poverty, but can also increase human capital and mobility of low-income families
- Sets up parallel non-mainstream institutions (e.g., separate housing market based on vouchers)
- Focuses on disadvantages faced by low-income populations – not on advantages of high-income populations

Policy Approaches for Increasing Economic and Social Mobility

2) Reform mainstream institutions (i.e., a less common approach)

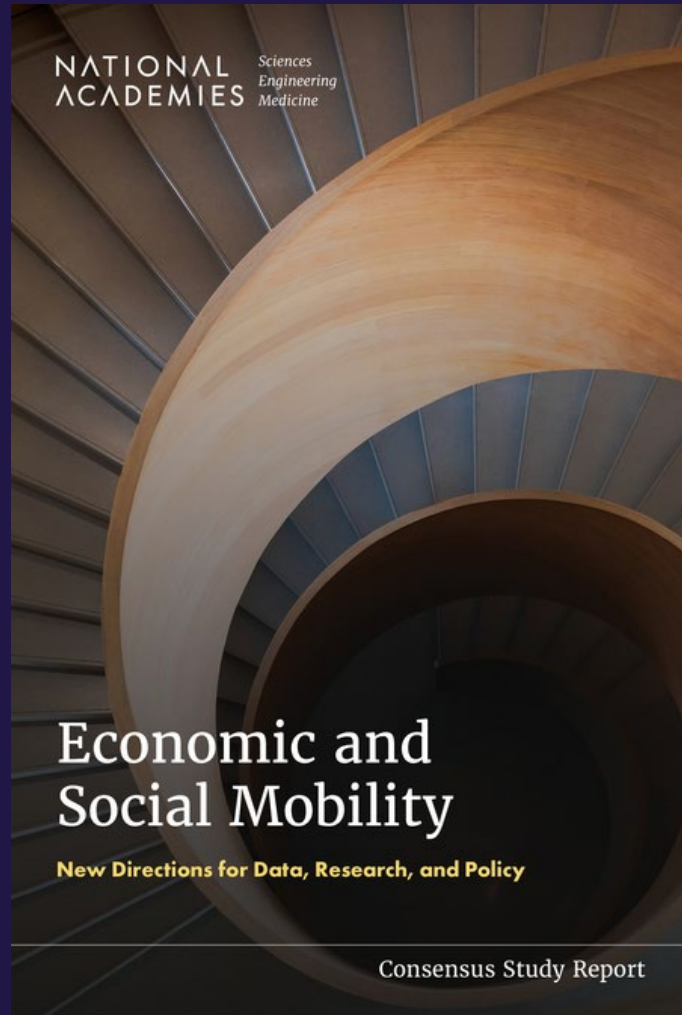
- Objective is to make mainstream institutions (e.g., financial institutions, schools, neighborhoods) more inclusive
 - Make banking system more accessible and effective for low-income families
 - Rezoning to encourage mixed-income communities
- Evidence base is limited, compared to that for safety net approaches

Policy Approaches for Increasing Economic and Social Mobility

- **Sometimes there may be a higher payoff to rolling back existing policies than developing new ones. Examples:**
 - Zoning laws that reduce availability of affordable housing
 - Tax policies that favor certain types of assets
 - Tax benefits for college savings that disproportionately favor high-income families

Policy Approaches for Increasing Economic and Social Mobility

The conclusions and research recommendations presented in this report can be used to inform and advance all these policy approaches



Report Resources

DOWNLOAD REPORT

<https://nap.nationalacademies.org/catalog/28456>

SUMMARY HIGHLIGHTS

https://nap.nationalacademies.org/resource/28456/Economic_and_Social_Mobility_HLs.pdf

Q&A

PARTICIPANTS

**PLEASE USE THE SLIDO WINDOW BELOW TO ASK
QUESTIONS OR PROVIDE FEEDBACK**

