

MORE THAN 7 IN 10 AMERICANS WHO START AT THE BOTTOM OF THE INCOME LADDER REMAIN BELOW MIDDLE INCOME STATUS 10 YEARS LATER

ECONOMIC MOBILITY RATES HAVE NOT INCREASED SINCE THE 1980s

Washington, D.C.—Despite notable changes in the U.S. economy over the past two decades, such as the ongoing shift from manufacturing to service sector jobs, women’s increasing participation in the workforce and rising immigrant populations, the ability of Americans to move up in the income distribution has changed little since the 1980s according to a new report released today by the Economic Mobility Project, an initiative of The Pew Charitable Trusts. Further, more than 50 percent of individuals ages 25 to 44 who start in the bottom of the income distribution remain there 10 years later.

The report, *U.S. Intragenerational Mobility from 1984 - 2004: Trends and Implications*, authored by the Urban Institute’s Gregory Acs and Seth Zimmerman, examines relative and absolute income mobility over two ten-year periods. Intragenerational mobility reflects how individuals’ economic positions change within their own lifetimes.

“This new report confirms even greater ‘stickiness’ at the bottom of the income ladder than previous project reports have found,” said John E. Morton, Pew’s managing director of Economic Policy and director of the Economic Mobility Project. “Over the last two decades, the majority of the least affluent Americans are not experiencing upward mobility relative to others, and those who are mobile don’t get very far. Because a belief in upward mobility is central to the American story, it is critical that our nation’s leaders take note of and engage in serious debate about policies that might address these disturbing findings.”

According to the report, education is the largest driver of *upward* intragenerational economic mobility. For example, over the last twenty years, the probability that an individual would leave the bottom quintile was 30 percentage points higher for people with more than a high school diploma than for those who never graduated.

Other than an individual’s original position on the income ladder, few factors consistently predict *downward* mobility. Having a disability and being non-white have become more significant as indicators of downward mobility. Between 1994 and 2004, individuals with a disability were 14 percentage points more likely to fall into the bottom quintile than those without a disability; the probability was just four percent from 1984 through 1994. Likewise, between 1994 and 2004 being non-white increased the chances of experiencing relative downward mobility by about 8 percentage points; it was 5 points between 1984 and 1994. The latter finding is consistent with earlier project reports which showed striking downward mobility trends among middle income African Americans families, with nearly half of middle income families falling from the middle to the bottom of the income distribution over a generation.

“People suggest that economic mobility mitigates income inequality and the social stratification and unequal opportunity it may imply,” said Gregory Acs, a principal research associate at the Urban Institute and one of the report’s authors. “But while inequality has been rising, mobility has not. This means the long-term or lifetime income gap between rich and poor is growing wider.”

The report compares data from the Panel Study on Income Dynamics (PSID) on 25- to 44-year olds from the periods of 1984 to 1994 and 1994 to 2004. It breaks the study population into five income groups (quintiles) and computes the share of the population that moves into - and out of - each group over the ten-year periods.

Comprised of a Principals’ Group of experts from the American Enterprise Institute, the Brookings Institution, the Heritage Foundation, the Peter G. Peterson Foundation and the Urban Institute, with guidance from an Advisory Board of leading academics and economists, the Economic Mobility Project seeks to investigate the status of economic mobility in America.

To read the full report or find out more information about the Economic Mobility Project, please visit www.economicmobility.org.

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By forging a broad and nonpartisan agreement on the facts, figures and trends related to mobility, the Economic Mobility Project hopes to focus public attention on this critically important issue and generate an active policy debate about how best to ensure that the American Dream is kept alive for generations that follow.

The Pew Charitable Trusts (www.pewtrusts.org) is driven by the power of knowledge to solve today’s most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public and stimulate civic life. We partner with a diverse range of donors, public and private organizations and concerned citizens who share our commitment to fact-based solutions and goal-driven investments to improve society.