

*POOR NEIGHBORHOODS STRONGLY INCREASE THE RISK OF  
FALLING DOWN THE INCOME LADDER FOR CHILDREN OF MIDDLE-  
INCOME BLACK FAMILIES*

WASHINGTON— The neighborhood poverty experienced by middle-income black children contributes greatly to their increased risk of downward mobility, according to a new report released today by Pew’s Economic Mobility Project.

*Neighborhoods and the Black-White Mobility Gap*, authored by New York University sociologist Patrick Sharkey, points to a great disparity between the neighborhood poverty rates experienced by middle-income black children and white children: nearly half of black children born into families who are at least middle income (\$62,000 or more) were raised in neighborhoods with a poverty rate of 20 percent or more, compared to just 1 percent of white children of the same income level.

“Neighborhoods matter—and matter significantly for the mobility prospects of Americans, said John E. Morton, managing director of Pew’s Economic Policy Department. “But black children from middle-income families who often live in poorer neighborhoods, have a much higher likelihood of falling down the ladder as adults. Unfortunately, these same neighborhoods have been among the hardest hit in the current recession.”

The report also finds that spending childhood in a high-poverty neighborhood (poverty rate of at least 20 percent) versus a low-poverty neighborhood (poverty rate of less than 10 percent), raises the chances of downward mobility by 52 percent. Further, the effect of neighborhood poverty alone accounts for a greater portion of the black-white gap than the combined effect of family characteristics including parental education, family structure, occupation and labor force participation.

“Most research examining the mechanisms by which economic and social status are transmitted from parents to children focuses on factors within the home, the workplace or the individual,” said report author Patrick Sharkey. “These data provide support for the idea that neighborhoods, communities and metropolitan areas are central to processes of economic mobility.”

The report used data from the Panel Study of Income Dynamics (PSID), which has repeatedly collected information on family income and other characteristics from individuals since 1968. A restricted-use “geocode” file was made available to the author and allows him to link sample members to their respective neighborhoods, or census tracts. Census tracts are the most commonly used boundaries for quantitative studies of neighborhoods and contain, on average, roughly 4,000 residents. The PSID is operated by the Institute for Social Research at the University of Michigan.

For the complete report and more information, please visit [www.economicmobility.org](http://www.economicmobility.org).

Comprised of a Principals’ Group of experts from the American Enterprise Institute, the Brookings Institution, the Heritage Foundation, the New America Foundation, the Peter G. Peterson Foundation and the Urban Institute, with guidance from an Advisory Board of leading

academics and economists, Pew's Economic Mobility Project seeks to investigate the health and status of the American Dream.

*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](http://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.*

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