

“Multiple Barriers to Economic Opportunity in the United States”*

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Abstract:

Which subgroups of the U.S. population—designated by race, ethnicity, gender, family structure, income, wealth, or other characteristics—appear to be particularly vulnerable to a lack of economic opportunity? And which ones are advantaged in an opposite way? To what degree does poor access to economic advancement appear to reflect low income or wealth, or do additional barriers contribute substantially to some subgroups’ limited opportunities? Similarly what advantaged opportunities accrue to high income and other groups, such as those born into a well-established married family? What does current research tell us about the mechanisms through which these barriers operate and policies that might be effective in reducing them?

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I. Introduction

Economic opportunity and mobility is not the same thing. Without more opportunity, we are not likely to see a systematic increase in social and economic intergenerational mobility (IGM)¹. Policymakers concerned about intergenerational mobility should be thinking both about how to overcome barriers to create more opportunity for those left behind, and but also about how to overcome barriers to make greater opportunity translate into more mobility.

What is needed to guide this process is a framework to trace out progress against reducing barriers that inhibit both more equal opportunity and increased IGM. The traditional literature on the study of IGM does not help us much in this task. Most scholarly discussions of IGM focus on the question of the inheritance of income mobility in past decades. In other words, how far the relative economic status of grown up “children” (ages 38-45) compares to their parent’s status when they were young (i.e., parents observed from 1960-79). Many of these studies tell us that overall mobility has not declined in recent decades, which is not surprising for an economy where income gains were widespread across the population and living standards rose across the distribution up until 1980. We also know from national and cross-national research that there is lots of stickiness at both the top and bottom of the IGM matrix of parental and child incomes. Further, we know that the resource levels separating poor from rich have grown in magnitude since the inequality generation was born in the 1980’s. At some point over the next two decades, when the one will be able to assess whether IGM stayed constant or fell amongst the post baby boom generation. But what of the future ? Much has changed since the 1970s, meaning that the intergenerational mobility of older baby boomers may look very different from that of the post baby boom Generation X, the

¹ See for instance Jencks and Tach, 2006; Smeeding 2014

Millennials (born 1980-2000), and the generation born since. At some point, these findings will all make a lovely historical artifact.

If we are to push for policies to enhance opportunity and improve IGM for the next generation, it is no good waiting and hoping: we need to look forward at the factors which are affecting today's and tomorrow's children's chances at upward mobility. A life cycle approach begins to do this by setting up markers of success or failure along the road to greater IGM from birth through adulthood. As we view IGM from this perspective, we are able to observe factors that that increase or decrease equal opportunity and mobility. It allows us to single out vulnerable groups and to focus in on policies to aid them move across the life course to reach the American dream of a stable middle class lifestyle.

In this paper I set out to apply the life cycle model to determine which subgroups of the U.S. population—designated by race, ethnicity, gender, family structure, income, and wealth—appear to be particularly vulnerable to a lack of economic opportunity. Then we turn to assess the dimensions of factors that boost upward mobility for some families and their children, as well as those that create barriers to opportunity and mobility and how they contribute to limit opportunities for the vulnerable. These barriers are not just low income, but a set of mechanisms and processes which either impede or encourage opportunity. Finally, we turn to policies that might be effective in reducing these barriers.

From this perspective, there are at least three sets of forces that matter for social mobility as enablers for some and as barriers for others, all of which have changed in the decades since the 1970s:

1. For families, parenting skills and resources are very important. We are increasingly seeing a “parenting gap” or “diverging destinies” where parents at the top are able to spend both more and better time and more money on activities to promote their child's educational and social development. Family instability and insecurity also create barriers for some as opposed to others.

2. Markets, especially labor markets, are institutions where individuals deploy their skills to improve family economic resources. Both income and wealth matter, as they limit spending on some children's enrichment and school opportunities, while enhancing those of others.
3. Public policy and social institutions are important, as they create opportunities for some children and reduce them for others. This means we need to know how to reduce growing class gaps, especially in family formation, family resources, neighborhoods, education and know how.

Indeed the family income package (Rainwater and Smeeding, 2003) is determined by these three institutions all of which play a role in IGM: the family/ parenting; markets, especially the labor and capital markets; and the state in terms of public investments in opportunity producing goods such as health and education. These forces interact with one another and together determine both opportunity and mobility.

These resources play large roles at strategic transfer points in the life course (i.e., places where more investment on the part of parents or institutions make a big difference in child outcomes). Some come early, such as parent child interactions and the development of cognitive skills and character (social competency, perseverance and good habits). Some come from schooling choices, and some come later on such as paying for college, providing funding for a child to experience an unpaid internship, direct job provision in family firms (nepotism) or helping children enter the housing market.

Of course, stagnant earnings and , such as those which most workers are now experiencing, suggest that the barriers we identify are a worry for strapped middle classes not just poor families with children. There is a difference between a poverty budget which specifies just enough to barely feed, clothe and shelter one's children, and the higher cost of a "well raised" child, as well as the important issue of the split in these costs between parents/families and the public sector. Hence mobility is a middle class issues as well as a poor family issue.

The belief in the opportunity to reach the American Dream is in question today² (Jones, et al, 2014). It once was a strongly and widely held view that if one worked hard and played by the rules, they could get ahead in America. But this has changed. Today, only 42 percent of Americans agree that if you work hard, you'll get ahead, while less than half (48 percent) of all Americans believe that in the past hard work would do once held true but that it does not anymore. Also notably less than 1/3 of black Americans believe that hard work gets you ahead, while 1/7 never believed that this was true.

More to the point for IGM analysis, only half of Americans believe that their own generation is better off financially than their children's generation will be. Most Americans (55%) believe that one of the biggest problems in the country is that not everyone is given an equal chance to succeed in life. And according to Galston (2014) other recent surveys have shown the same result --confidence in one's children being better off than they are is at or near the lowest point ever recorded. :

"--when the August 2014 NBC/WSJ poll asked "Do you feel confident or not confident that life for our children's generation will be better than it has been for us?", only 21 percent expressed confidence, down from 30% in 2012. During the same month, the CBS poll asked, "Do you think the future of the next generation of your family will be better, worse, or about the same as your life today?", only 23% responded "better" compared to fully 50% who said "worse." In June, CNN/ORC found that only 34% of respondents believed that most children would grow up to be better off than their parents, while 63% expected the children to be worse off. And the Heldrich Center at Rutgers' Bloustein School found in August that only 16% of Americans expect job, career, and employment opportunities to be better for the next generation than for the current generation, compared with 40% in November of 2009, just months after the official end of the Great Recession"

Overall, one must conclude that Americans express significant concerns specifically about the economic future for themselves and their children, but also about their beliefs in America being an equal opportunity society.

² Data collected in July and August, 2014

I. The Life Cycle Model

In a recent pair of cross national research volumes, the authors and editors took the life cycle approach to studying the influence of parental education and income on child outcomes from birth to age 30 (Smeeding, Erikson and Jantti, 2011; Ermisch, Jantti and Smeeding, 2012). Figure 1 summarizes their model of life course process from birth to adulthood for one generation, moving from origin (Parental SES) to destination (Children's Adulthood SES) across six life stages. Parental investments and social institutions affect each step of the life course, where intermediate gains or losses are measured in multiple domains.

(FIGURE 1 here)

This structure allowed us to observe different cohorts at different times, with every outcome in every country being ranked by adult educational differences. Taken as a whole, these studies suggest a powerful effect of parental SES on child outcomes in health, cognitive testing, socio-behavioral outcomes, school achievement and adult social and economic outcomes. Examination of standardized outputs across 11 countries found a definite and universal pattern that the higher the adult SES as measured by educational attainment, the larger the positive effect on children's outcomes. These effects were observed from birth onward and they did not diminish as children aged. Moreover the slopes of the relationships between parental SES and child outcomes were most steep in the United States. But not all the steps were filled in for any one country (save Sweden, see Mood, et. al., 2012) , and most outcomes were measured for only one cohort. This method proved a useful way to assess cross-national differences in IGM. The same structure is also a useful way to assess how various cohorts of younger generation US children will be affected by growing gaps in parental SES (education, earnings, wealth and income) in our own nation.

Another domestic project approaching this question in the same way began at just about the same time the international work was published. The objective is to ask what do one needs to accomplish at various life cycle stages to achieve the “American dream”. The Brookings –Urban Institute-Child Trends Social Genome model has now estimated a set of factors for assessing progress toward reaching the ‘American Dream’ goal.³ That is, what are the steps one needs to take across the life course, to progress to become a family with incomes in middle age of three times poverty line about \$68,000 for 4 or \$54,000 for 3 more , which is more or less making it to middle quintile or higher in the income distribution.

The ingredients for achieving the IGM dream and to hitting this success mark a “middle class” life or better provides a useful rubric for assessing progress toward increased opportunity and IGM in our nation. The Social Genome model life cycle step ingredients, modified slightly by the author, include:

1. Being born at a normal birth weight to non-poor, mature (partnered or better married) mother who has at least a high school diploma;
2. Having acceptable pre-reading and math skills and generally school appropriate behavior by the time one is ready for elementary school;
3. Accumulate human capital in elementary and middle school such that reading and math and socio-emotional skills are at acceptable levels to take full advantage of secondary school;
4. Graduate from HS with 2.5 or better GPA (to offer the opportunity for post-secondary education) and not be convicted of a crime;
5. Live independently with a post-secondary credential and at a wage sufficient to maintain a middle class lifestyle;
6. And finally, reach middle class (individual or family income at least 300 percent poverty)

Both of these models and steps provide a framework to examine the parental, investment and institutional forces which boost life chances for some and provide barriers for others across the life cycle process. The steps might be thought of as hurdles to overcome or descriptive markers of life progress and processes. One can succeed if one stumbles at any one stage, but momentum and cumulative forces propel one along given courses. Before we

³ For more on the model, see <http://www.social-genome.org/>

review how well have we done in reaching these goals— and how progress or lack thereof in each of these stages has progressed across recent generations, we need to review the characteristics of vulnerable populations and then the dimensions of vulnerability and good fortune –barriers and boosters for opportunity and mobility-- to further set the context.

III. The Vulnerable

Most of our knowledge of group specific mobility comes from the panel datasets which have been part and parcel of economic and social research on mobility. While these data cannot be used directly as policy guides, as mentioned above, they do help us to identify groups who have been historically likely to be vulnerable and in need of help to create and seize opportunities for higher IGM. Vulnerabilities come in clumps, as do advantages, making it hard to apportion the influence of separate factors, as we point out below.

Money matters, especially in America. **Low incomes** are one key. For those living in deep poverty, especially as a very young child for an extended period, low incomes have a well-established negative impact on brain development , social-emotional development and on lifelong outcomes, all the way from impact on educational success, employment and even health. Heart disease, stress-related diseases showing up in adulthood that can be tracked to extended experiences of (economic) deprivation, trauma and stress as a child.

A host of recent studies have shown that refundable tax credits improve child outcomes in health , including birth outcomes for mothers, and the learning of young children (Evans and Garthwhite, 2014 ;Hoynes, et al., 2013; Dahl and Lochner 2012; Milligan and Stabile, 2009). SNAP receipt while in childhood is increasingly shown to improve child health outcomes and learning outcomes as well a significant reduction in the incidence of “metabolic syndrome” (obesity, high blood pressure, and diabetes) and, for women, an increase in economic self-sufficiency.(Almond, et. al,2011; Hoynes, et. al, 2012). More generally higher

incomes in childhood for low income families have a large number of positive effects as summarized by Duncan, et al. (2011; 2014); Kerris and Stewart (2013). The simple summary is that higher benefits from the CTC/EITC and SNAP lead to better outcomes for children and parents, especially longer term important positive developmental effects on children.

Obviously poor and lower middle income classes are at risk simply because they have insufficient income (and wealth) to afford the neighborhoods, schools, lifestyles and other elements of raising a child well. Hence lack of economic resources is correlated with many other shortcomings. Reardon (2011; 2013) has shown that income gaps in achievement are more important than race gaps in predicting school success. And relatedly, the biggest differences are between the performers at the top end of the incomes distribution (top quintile) and the median, suggesting that the children of highly educated well-endowed parents have disproportionate success especially relative to a middle income child as well as a bottom income child.

A second at risk group are **families with children where neither parent has more than a high school degree** by age 30 (those without a normal high school diploma, including those with a GED degree or less by age 30). Because formal schooling is the major vehicle for a child's upward mobility, those who have not done well in school themselves will have a much harder time of navigating school choice and embracing the elements of school success for their own children. The effects of the structure of our education system, not just secondary schools and colleges, but also early childhood education (ECE) and pre-schools and career and technical education (CTE) systems have a large including on who succeeds and who doesn't.

Do **race and ethnicity** also matter—yes. African Americans are much less likely to succeed even holding multiple parental status variables constant. Research on differences in mobility between blacks and whites reveal stark differences: on average, blacks experience

less upward mobility and whites experience less downward mobility. In fact, whites are on average 20-30 percentage points more likely to experience upward mobility than are blacks. Studies of older cohorts find that almost 50 percent of black children born into the bottom 20 percent of the income distribution were in the same position as adults as were their parents, while only 26 percent of white children born into the bottom quintile remained there as adults⁴. Acs (2011) finds that black men raised in middle-class families are 17 percentage points more likely to be downwardly mobile than are white men raised in the middle (38 percent of black men fall out, compared with 21 percent of white men). A range of personal and background characteristics—such as parental occupational status, individual educational attainment and marital status all help this explain the gap. But taking into account differences in AFQT scores between middle-class white and black men explains most of the variation. Grannis, Sawhill and Winship (2012) use the social genome model framework to find that racial gaps are large from the first step and further that they never narrow significantly, especially for African Americans, who trail by an average of 25 percentage points for the stepping stone benchmarks outlined above.

In an important and recent review of the evidence, Mazumder (2014) analyzes a number of datasets to conclude that blacks have experienced substantially less upward IGM and substantially more downward IGM than whites. His results are similar across datasets, cohorts, measures of income used, the age of sample members, producing statistically significant racial differences in mobility. For example, amongst blacks coming from families the bottom income decile, Mazumder concludes that only 65 percent do better as adults, as compared to 82 percent for whites. Moving from upward to downward mobility, 60 percent of blacks whose parents were in the top half of the income distribution fell below the 50th

⁴ See especially Mazumder, 2014; and also Grannis, Sawhill and Winship 2012; Isaacs, et. al., 2008; Acs, 2011 ; Hertz, 2005).

percentile in the subsequent generation as compared to only 36 percent for whites. Finally in all studies, black men do much worse than black women.

While family structure, parental and own education, family background, income and neighborhood all played a role in these disturbing findings, one important source of downward mobility for black men remains largely unaccounted for. Much of low black mobility, and much not yet fully recorded due to the age of the individuals, is affected by the spectacular rise in imprisonment in America over the 1970-2010 period, and its long term economic consequences for lesser educated black men and their families who are now mainly young or middle aged adults (Pettit, 2012; Pettit and Western, 2012; Pew, 2010).

A thorough NAS report (2014) concluded that amongst recent cohorts of black men, about one in five who have never been to college have served time in state or federal prison at some point in their lives. Amongst black male high school dropouts, about two-thirds now have a prison record by age 30 —more than twice the rate for their white counterparts. Over 65 million Americans have some type of record of having been arrested or convicted of a crime, disadvantaging them in one life capacity or another (NACDL, 2013). IGM is however most severely limited for those who have been in the prison system. In 2012, the overall correctional population—those incarcerated in prison jail or being supervised on parole is today about 7 million person, coming from the most disadvantaged segments of the population. In 2007, only half of the ex-incarcerated were able to find jobs (Schmitt and Ware, 2010).

Those most affected are mainly minority men under age 40, poorly educated, often with mental illness issues and with a lack of formal work preparation or experience. These coincidental conditions and attributes make it difficult to precisely estimate effects of incarceration, as they are all liable to reduce mobility for this population, while also negatively

affecting their communities and families. Even given these other barriers to progress, an incarceration history adds to the negative effects of poor schooling and race in ways we have just begun to explore. In fact, the growth of incarceration rates among black men in recent decades combined with the sharp drop in black employment rates during the Great Recession have left most black men in an economic position relative to white men that is really no better than in 1970 (Neal and Rick, 2014). And of course, this effects intra-generational mobility as well; amongst former inmates who were in the bottom quarter of the earnings distribution in 1986, two-thirds remained there in 2006, twice the number of non-incarcerated men. Further only 2 percent of previously incarcerated men who started in the bottom fifth of the earnings distribution made it to the top fifth 20 years later, compared to 15 percent of men who started at the bottom but were never incarcerated. (Pew, 2010)

Most of the men and women in prison also have children. Nationally, about 53 percent of men and 61 percent of women in the U.S. prison population are parents (Maruschak et al., 2010). Wildeman (2009) and Pettit (2012) have calculated the probability that a child would have experienced a parent being sent to prison by the child's teenage years. Among black children, parental imprisonment in the 1990 birth cohort was about 25 percent. Further while 15 percent of white children whose parents had not completed high school had experienced a parent being sent to prison by age 17, 62 percent of African American children whose parents had not completed schooling experienced some time with one parent in jail or prison. Of course these recent cohorts are too young to fully capture the effect of parental imprisonment. But the numbers are stunningly large (Wakefield and Wildeman, 2013).

Incarceration is highly correlated with family hardship, including housing insecurity and behavioral problems in children (especially boys). Prison by definition stresses relationships within families, while also reducing child involvement post release. Studies that

focus exclusively on incarcerated men have found that partners and children of male prisoners are particularly likely to experience adverse outcomes if the men were positively involved with their families prior to incarceration. But only about 4 in 10 men reported living with their children prior to incarceration and studies are mixed on the effects of child separation from parents, as being away from violent men can also improve life chances for children (NAS, 2014 chapter 9). Further, many of these differences are hard to assess because of the difficulty in following young men in and out of prison, especially amongst recent cohorts. Any new research on IGM ought to make such study a priority, as few ex-incarcerated are tracked by our datasets.

There are a number of other subpopulations that we do not yet know enough of to assess their progress or regress in IGM. We know far less about the mobility of *ethnic minorities*, especially immigrants, because they are not part of older panel datasets. For instance, the PSID and various NLS help assess IGM, but are constrained by study and sample designs that begin with the original adult samples in the 1960s or 1970s and follow their children, hence excluding all immigrant groups who have not “married into” the dataset, especially the large recent immigrant cohorts which are not captured at all (Duncan and Trejo, 2014). What we know about Latino IGM, do for instance, is sparse and again including only those who had emigrated before the recent immigration boom (see Duncan and Trejo, 2014; Acs, 2011). For instance, there is limited data about economic mobility among Hispanic families, who tend to have lower incomes compared to non-Hispanic blacks and whites, but more stable family structures than do blacks. One more promising approach is for future studies to begin with the current population and trace back to find their parental heritage instead of the other way around (Grusky, Smeeding and Snipp, 2014).

Finally, there is the issue of *gender*. It is increasingly common for married women to be the primary earners in their families. The share of dual earner couples in which the wife earns more than her husband has increased from 19 percent in 1987 to 29 percent in 2012. If couples in which the husband does not work are included, the share of couples in which the wife earns more has increased from 24 percent to 38 percent over that same time period (McClelland, et al, 2014). At the same time that younger women are becoming more attached to the labor force, most young women want motherhood to be a part of their lives (Livingstone, 2014). The deferral of child bearing to older ages, later marriages for the well-educated is part and parcel of the higher educational attainment and career aspirations of young women of childbearing age. But it takes time to raise a child well, and especially for single parents. Therefore paid parental leave (for both parents) and flexible work schedules also help support and nurture family growth and important for guaranteeing equality of opportunity for children⁵. Indeed there is a national family and parental leave policy in every rich country, and implicit or explicit limits on work hours for mothers of younger children, except ,of course, in the United States. (Goldin, 2014; Gornick and Hegewisch, 2014).Hence gender equity in the workplace is another policy issue for promoting upward mobility.

Clearly, women's educational and economic performance have risen by leaps and bounds since the panel datasets mentioned above have begun to be employed to study IGM. Here we know the past is not the future. Much of women's upward mobility comes from their educational attainment the new opportunities they have seized in the labor market. But most mothers also spend more time in childrearing (Kalil , et.al., 2012) than in previous decades.

⁵ Overall US fertility decline is also a direct product of greater rights and opportunities for women. But fertility can rise again with policy that encourages and supports family formation. Sweden and France have recently experienced a rebound in fertility. Both nations now have birth rates that are above those in the United States, mainly because of better support for young families with children. Both nations provide subsidized day care for children on a sliding scale based on family income, thus encouraging both mobility and income from work , and hence adding to their children's life chances.

Separating the effects of higher incomes, less time and children's upward mobility is difficult to estimate, especially with models that allow for assortative mating to further push apart and separate children in high income, well educated, two parent families from others. Often the sex difference in IGM is smaller than one expects. Acs (2011) finds that white, black and Hispanic women are all equally likely to experience downward mobility out of the middle class. For unmarried women, inflexible workplaces, family structure, parental age, marital status at birth, and stability of family life create barriers to opportunity not only for women but for their children as well.

This brief summary of vulnerable populations suggests many barriers to mobility, especially for black men and their children. It also suggests that vulnerability comes in batches, with low income, family status, neighborhood and especially lack of money inhibiting upward IGM for many of the groups mentioned above.

IV Important dimensions of vulnerability and good fortune –barriers and boosters for opportunity and mobility

There is a debate within the economics profession about the *trend in economic mobility*, or IGM. The usual relative IGM approach is to estimate social 'destination' (incomes of children) based on social 'origin' (incomes of parents), using a double log specification to get elasticity for IGM:

$$(1) \ln Y_{\text{children}} = \alpha + \beta \ln Y_{\text{parent}} + \varepsilon$$

Beta is the persistence coefficient that relates one generation's characteristics to the next and $1 - \beta$ is the IGM (or mobility coefficient) for society as a whole. The higher the β the greater is intergenerational persistence and the lower is IGM. Here we use income, but education, wealth and other characteristics such as occupation are also employed in similar models (Ermisch, Jantti and Smeeding, 2012). Chetty, et al. (2014) confirm the Lee and Solon (2009)

results for older cohorts that IGM is neither increasing nor decreasing(β is constant, as conventionally measured) , since 1960's through 2012. They overcome the issue of children's' age by projecting future economic status at age 30, from age 21, depending on whether you are enrolled in college or not at age 21. This allows them to estimate future economic status of the 1993 cohort, also assuming that a correct estimate of the future economic status of persons is captured at age 30. Others believe that 30 is far too early to measure adult economic status. And further the Chetty results hold only if the rank ordering of persons ages 21 and over for the projections, and ages 30 and over for the rest, do not change as adults age. Many believe this is a very poor assumption. If education and parental income/status are correlated, one understates persistence of status for the most well off kids by observing them before their incomes near their peak (say about age 45 on average) and so far all IGM studies have such a measurement issue. But the ones that "project" or measure kids status at age 30 are the most biased, especially if career earnings paths cross (Auten, et al, 2013). Both of these biases would increase persistence and lower the β for younger generations (Kenworthy and Smeeding, 2014) .

Moreover, a single β is not enough to know about a nation's IGM. Just like the Gini for inequality, the β for IGM is a one number summary of a complicated picture. IGM also differs at the tails of the distribution. For equality of opportunity we likely care most about bringing the bottom up, rather than the top down as a matter of policy. And we know that the USA has the lowest mobility at the ends of the distribution. At the top end (top quintile of income), more than 35 percent of the children born there end up there as adults. But more importantly, over 40 percent of sons born into the bottom income quintile end up in same bottom income quintile as do their fathers using PSID or NLSY (e.g., see Isaacs et. al., 2008 ; Jantti, et. al., 2006). International comparisons suggest the US is the least mobile of six

countries studied using carefully harmonized datasets (Jantti, et al, 2006). No one knows for sure how or if these proportions have changed since then.

But regardless of beliefs about the trend in IGM, or the trends in top and bottom end income mobility, almost all researchers believe that because ***differences between the top and bottom incomes of parents*** have changed by great deal, the stakes for remaining at the bottom or the top of the distribution are now much larger, even with constant mobility parameters. Figure 2 uses the CBO estimates of after tax and transfer incomes for families with children to show the gap in incomes rise by almost \$ 112,000 or 115% from 1979-2010.⁶ This is a huge difference across a fairly short time span.⁷

(FIGURE 2 here)

In a world where wages for most education groups and middle class incomes are flat, as David Autor's recent review of ***wage changes*** of fulltime workers makes clear (Figure 3), we believe that relative mobility is a more important concern. While wages and incomes are still rising at the top of their distributions, incomes and ages are stagnant or worse for undereducated men , not to mention the flat line wages of even men who are college graduates over the past decade and that for women since 2007.

(FIGURE 3 here)

⁶ Because of the growth in the very top income shares, how much is it driven by the top 1% in any given year? if we use the mean of other percentiles to gauge the change at the top, then how much smaller/bigger are the differences between top and bottom ? The difference between the bottom and the top where the top is the 81st - 90th: gap grows \$48,900--or 49.9 % over his period; the gap using the 91st - 95th percentile as the top grows \$68,800 , or 70.1 %. And if the top is the 96th-99th percentile, the gap grows \$115,000– 117.2 %.

⁷ Relatedly, should we be more concerned about absolute or relative mobility? For example, do we care about absolute class gap or relative class gaps in child outcomes? In figure 2, both the top and bottom quintile children are better off in income terms in 2010 than in 1979, but with the gap between them widening. Similarly if the number of children in the bottom quintile who ultimately graduate college goes from 5% to 9% and the number of children at the top go from 36% to 54%, the relative gap shrinks (see figure 6B below) , but the absolute gap actually increases.

Parenting and family formation also matter a great deal. Even if women's wages at the bachelor's degree level have flattened since the Great Recession, women's rising wages over the longer term are in contrast to men's, except for the most educated men with post BA degrees). But taking assortative mating into account, the combination of these pair of wage each education level compounds the income differences across the family earnings and income distributions⁸.

If anything, the Great Recession has made likely differences in wages and incomes, much worse, as we see increasingly widespread differences in employment and wages by education and age , with income gains mainly above the BA where the IGM correlation of parents and kids education is highest (Figure 3 and Torche, 2012). Cross-national research suggest that the premiums in pay for the highest educated are the largest in the USA as well, meaning the minority who reach college graduation and beyond, do most well in the US labor market compared to their lesser educated countrymen (Autor, 2014; Blanden, et al, 2013; Ermisch and Jantti, 2012). Much of this difference comes from the lack of educational attainment progress in the United States compared to other rich nations (PISA, 2014).

And of course, both earned incomes matter for all two parent families. For families with children under age 14, the United States had by far the largest number of two parent full time workers in the rich OECD countries. Nearly 60 percent of children under 14 living in coupled households have both parents working full time in the US and far less in most other nations. For instance, German and Dutch couples with dual full time earners are below 20% of

⁸ One can perform this operation by combining the incomes of men and women at each education level in Figure 3, producing a perfectly assortatively mated outcome by educational attainment that looks much like figure 2 !

all 2 parent working households⁹. But because of the Great Recession, and the high rates of long term unemployment that are still evident, plus the disappearance of middle wage jobs, maintaining steady full time work is often difficult (Kenworthy and Smeeding, 2014). Also changes in housing markets and plant closings have led to a situation where one parent loses their job, but the family is not able to move to another location and risk giving up their home at a loss or the one remaining job that they have. In fact the growth of low wage service jobs since the GR fits well with the USA having by far the largest number of workers who work weekends and evenings (Hamermesh and Stancanelli, 2014). There is also some good evidence that evidence that median incomes rose from 1979, and especially from 2000, to 2007 in the United States due almost exclusively to added hours of work and not due to higher wages (Mishel, 2013). These work patterns pose both economic and time costs on parents who are also raising children, not only two parent units but especially single parents and mothers .

More generally, ***family composition and stability*** may matter even more than incomes for equality of opportunity and IGM. As McLanahan and co-authors (McLanahan, 2004; McLanahan and Jacobsen, 2014) have established, we are seeing a growing class divide in America – in income, in education, and in family formation. Children born into continuously married families have much better economic mobility than those in single parent families, especially unmarried mothers, or families where the parents break up. Using a measure of parenting quality, Reeves and Howard (2013) , establish that the children of the lowest quartile parents do worse at every stage of the social genome model as compared to the

⁹ OECD Family Policy database, 2014. Chart LMF1.1.A “Children in couple households by parental employment status, 2011”, at http://www.oecd.org/els/family/LMF_1_1_Children_in_families_by_employment_status_Jul2014.pdf

highest quartile parents, with differences in success rates between these groups on the order of 30-45 percent at each life stage.

It also seems plausible that the labor markets play a part in family formation changes, particularly as it concerns the marriageability of men (Wilson, 1996). The changes in the number of single mothers in the United States is concentrated among the least educated (no high school degree) and those who have graduated high school and have some college. Women are more educated than men and do not want to marry men without education or jobs, but still want children. Many believe that changes in the labor market are the main driver. Others argued that both are important and that merely getting men jobs will not change many of the traits that make them less “marriageable”, but marriage rates have fallen for all types of parents on their 20’s especially for white parents who were earlier much more likely to marry by age 30 (Murray, 2013; Cherlin, 2014).

Indeed, family differences begin at birth. It is often useful to illustrate the middle ground of an issue by looking at its endpoints. If we examine both what is considered to be the best process by which to become a parent and the worst process, we can better understand the point of diverging destinies. The “best” way to become a parent is through living the American dream. The process is the same for men and women alike: Finish your schooling, find a decent job, find a partner you can rely on, make plans for a future together including marriage as a commitment device (see Lundberg and Pollak, 2013), and then have a baby. Following this process will likely mean that parents are close to the age of 30. Parents who follow this process are (in some ways by definition) older, more educated, and more likely to have a stable marriage. They have better parenting skills, smaller families, and more income, benefits, and assets to support their children. These characteristics translate into more stability and more opportunities for their children.

At the other end of the spectrum, following the worst process to become a parent, one simply moves “have a baby” (between the ages of 16 and 22) to the top of the list, preceding all of the other steps. These parents typically have not finished schooling, do not have a steady or well-paying job, do not have a stable marriage or steady partnership, and likely never had a plan. They have less education (high school or less), are younger and less-skilled, have lower wages and fewer benefits, far less marriage experience, and more multi-partner fertility. The result is less social and economic stability and fewer resources and opportunities for their children (Smeeding, Garfinkel and Mincy, 2011). For single women under 30, almost 70% of pregnancies are unintended (Sawhill, 2014).

Changes in fertility/marriage, cohabitation/divorce, maternal employment and maternal education are therefore reinforcing differences in income inequality and reducing economic mobility among children. Perhaps the relationship between children and their mothers are the most important aspect of family effect on young child development. More educated women are more likely to obtain jobs with higher earnings, allowing these mothers to invest more time and money into their children. They are also more likely to have fewer children and children born later in life. Because a mother’s age at childbirth is a strong indicator of the child’s future economic mobility, mothers’ age at birth matters. Single mothers tend to be younger and experience higher levels of partnership instability and higher prevalence of multi-partner fertility than mothers in stable relationships (McLanahan, 2014).

Parenting is also highly unequal because of parental endowments of skills. The amount of skills a parent has available to high- and low-income families with children is also important in determining life opportunities. There is overlap in skills training for the labor market and for parenting. Hours spent reading to a young child or talking with a young child make a big difference in outcomes. Soft skills such as conflict resolution or how to respond to

set backs are also better taught by highly educated. And of course parental education is highly correlated with childhood education, and high skill parents not only realize the value of education, but also make every effort to make sure their children succeed in reaching a high level of educational attainment.

The ***correlation between parental and child education*** has been studied at least back through Becker and Tomes (1979, 1986). Their model and subsequent tests by others. Solon (2012) establishes that intergenerational correlations in socioeconomic status can arise from the greater ability of richer parents to invest in their children's human capital, from genetic or cultural inheritance, or from all of the above. Because these different sources of intergenerational status transmission produce similar empirical results, distinguishing those processes from each other is therefore a difficult task. But new research by Seshadri, et al (2014) present a model of human capital accumulation which isolates the direct effect of parents' human capital on children's human capital and find substantial evidence of strong parental spillover effect on children's educational attainment.

Anti-discrimination acts, civil rights legislation and school desegregation led to improved educational conditions for African Americans and other minorities beginning in the late 1960s. As a result, Reardon (2011; 2014) reports the gap today between white and black children is 40 percent smaller than it was in the 1970s, but only about half the size of the gap between rich and poor children. Reardon, et al (2012) also found that while 15 percent of high-income students from the 2004 graduating class of high school enrolled in a highly selective college or university compared to only 5 percent of middle-income graduates and 2 percent of low-income graduates do so.

Mazumder (2014) shows that education can make a difference for all races. Almost 90 percent of whites with a college degree escape the bottom quintile, compared with 75 percent of whites with a terminal high school degree. For blacks, rates of upward mobility rise sharply for those who attain more than a high school education. He shows that only 28 percent of blacks with a high school degree will move up the bottom quintile, compared with 69 percent of blacks with 14 years of schooling. For college graduates, the rate of upward mobility from the bottom quintile of parental income is just about the same for blacks and whites. The problem is that only about 15 percent of blacks have attained a college degree. Again, the comparative record of the United States in educational progression is dismal. We have had one of the largest fractions of adult workers who have either fallen behind or not exceeded their parents' educational attainment in the rich world. Amongst the 55-64 year old cohort, Americans had the highest rate of post-secondary degree attainment of any nation. But there has been barely any progress in degree attainment since then, now leaving us behind 11 other nations in terms of post-secondary degree completion (PISA, 2014)

Neighborhoods and residential contexts clearly affect prospects for IGM. Previous research by Sharkey (this volume) suggests that economic segregation can at least in part explain IGM patterns. School quality, exposure to community violence, elements in the physical environment (air pollution, noise, lead), and long-term exposure to neighborhood disadvantage can and do affect academic trajectories, child cognitive development, and later economic outcomes (Aizer and Currie, 2014). Living in a high-poverty neighborhood, the odds that you will fall down the income ladder as an adult -- that you will be worse off than your parents -- are 50 percent, on average, even if you're not a child growing up in a poor family. Hence neighborhoods matter in terms of schooling and other attributes.

Declining manufacturing sector employment in inner cities accompanied the prison boom as classically described by Wilson (1987; 1996) where the outmigration of whites and the rising black middle class left behind pockets of concentrated disadvantage. These poor, racially segregated neighborhoods are characterized not just by high rates of poverty and crime but also high rates of unemployment, single parenthood and multiple partner fertility. And while these neighborhoods were heavily populated by blacks, Murray (2013) shows similar effects in former white middle class neighborhoods as well.

Money matters, as we establish above. But it is not just about income. **Consumption and wealth** also matter. In Figure 4 we document how the demography of income, consumption and wealth differ amongst age groups. The figures show 20 percent of all people in each quintile by each measure and then focuses on where adults, elders and children (as measured by their family variables) are located in each distribution (equivalence scale adjusted) in 2010. The takeaway is that children and elders in particular are located in very different parts of the distribution in terms of wealth and consumption compared to income. The position of children in the income distribution is more similar, but not identical to the consumption or wealth where children are over represented in the bottom half, leading to concerns about their upward mobility, compared to the minority of advantaged children who are located at the top of the wealth and consumption scales.

(FIGURE 4 here)

The stock of wealth itself is not captured in flow measures (Piketty, 2014). None of the current analyses of inequality have fully captured the full effect of net worth (assets, debt, and wealth) on consumption or income by considering all three measures of well-being simultaneously for the same households, though we know that each gives a differing and important perspective on the distribution of economic well-being, and likely a different

outcome when considering the effects of inequality on IGM. For instance, recent work by Pfeffer, et al.(2014) and the SCF (2014) show that since 2001, and with wealth measured in early 2013, wealth inequality had increased and income inequality with it. And financial wealth has increased by 20 percent since the time of both surveys. Indeed, Pfeffer (2011) argues that wealth is more important than income for IGM.

In particular, Pfeffer and Hällsten (2012) establish that the impact of parental wealth on children partly goes through its insurance effects for children (think of a “private family safety net”). High wealth creates the ability to finance 529s and pre-fund college with tax free interest and capital gains; as well as the greater ability to do more for well-timed inter-vivos transfers, especially for the following generations. Reeves (2013) and Smeeding (2014) refer to this as the “glass floor” effect. Wealthy families (parents and grandparents) pay college tuition including graduate school leaving their graduating children and grandchildren debt free after graduation. They subsidize rent and provide apprenticeship funds for children to move to high income growth areas without jobs. Often they provide jobs directly in family run businesses (Bingley, et al, 2011; Corak, 2012; Corak and Piraino. 2011; Stinson and Wignall, 2014). And they pass on home ownership subsidies to capture upswing in real estate by co-signing low interest mortgages for children who do not qualify for best rates. Of course, they also provide other ‘glass floor’ advantages, such as good lawyers, subsidized travel for children’s’ human capital building, good schools and safe neighborhoods.

Shapiro, et al (2013) examines black and white wealth also using the PSID, and find that the total wealth gap between white and black families nearly triples in 25 years, increasing from \$85,000 in 1984 to \$236,500 in 2009. The GR was particularly devastating to the young black middle class as they were the ones who bought homes at the top of the market in the 2000-2006 period at the urging of the Clinton Administration and others and

often with sub-prime loans. Differences especially in housing wealth and home ownership, but also income unemployment, inheritance, and financial transfers all help explain this gap.

In conclusion, there is ample evidence of diverging opportunities in the economic, sociological, social policy, demography, child well-being, and education literatures (Duncan & Murnane, 2011; Ermisch, Jäntti, Smeeding, & Wilson, 2012; Smeeding, Garfinkel, & Mincy, 2011). Economic, family and neighborhood changes all contribute to growing inequality and with that at least a widening gap in income wealth and consumption inequality, also likely to result in a decline in economic mobility (Kenworthy and Smeeding, 2014). Parental earnings, adult skills, family structure and neighborhood segregation all affect IGM. Higher returns to education encourage more investment in same, which affects opportunities, incentives, and degrees of mobility for rich vs poor children. However not everyone has the capacity to make investments: families with greater human capital or money can invest more in their children and provide social connections to jobs and the labor market. Parents with higher incomes tend to provide supports and safety nets for their children, helping them to pay for higher education, obtain job connections, and put a down payment on a home. Hence a set of factors can both boost the opportunities for some while making upward mobility difficult for other more vulnerable groups .

V. Steps in the Life Course, for the Vulnerable and the Fortunate

Having identified the vulnerable and the major economic, demographic , and social forces and institutions that impede or increase opportunity and IGM, we briefly return to the social genome life cycle steps to see how these factors bad vulnerabilities have affected the steps toward great or lesser IGM . In other words, has the distribution of opportunity moved closer together or spread further apart for the children growing up in the 21st century ?

The first step involves being born at a normal birth weight to non-poor, mature (partnered or better married) mother who has at least a high school diploma. But we know from the diverging destinies literature that 40 percent of US births are out of wedlock (vs. 11 percent in 1970) and half of all births to women under 30 are out of wedlock (Hamilton, et al, 2014). A majority of these births are unplanned as young adults “drift” into parenthood because of failed contraception or ambivalence about school and life goals (Sawhill, 2014).

Marriage rates are falling -especially for whites (Murray, 2012; Cherlin 2014). We see in Figure 5 that the fraction of never married mothers with children under 18 is more than 20 percent for those who did not graduate secondary school and 15 percent for high school graduates, as compared to 3 percent for those with a bachelor’s degree or more. Not only is out of wedlock childbearing highest amongst the least educated, but these births occur mainly to younger mothers, most of whom are poor or near poor, and most of whom have unstable living conditions, in terms of both partners and living conditions (Edin and DeLuca, 2012; Tach 2014). Moreover these mothers have more children per woman than the average mother over her lifetime (Smeeding, Garfinkel, Mincy, 2011). In contrast well-educated parents have fewer children later (in marriage) under much better economic circumstances (McLanahan, 2004; Smeeding, et al, 2011; Sawhill, 2014).

(FIGURE 5 here)

In the face of low education, instability and low income, most of these mothers live stressful lives that are not good for themselves or their children (Aizer and Currie, 2014). Various studies document that time is spent with young children in reading and personal interaction is much more developmentally oriented in older and more educated married couple families than in younger single unmarried mother families, where large differences in early language development begin (Kalil, et. al., 2012; Phillips, 2009)

Step 2 argues that a child should have acceptable pre-reading and math skills and generally school appropriate behavior by the time they are ready for the first grade of elementary school. But here we know that there are large gaps in early childhood education (ECE) and in school readiness by parental education and income, which were most pronounced in the US compared to other Anglo nations (Waldfogel et al, 2012) and which only recently have begun to fall. We also know that these gaps are larger now than in past, in part because parents at top spend more in time and money on developmentally oriented goods and activities than at bottom (Kaushal, Waldfogel and Magnuson, 2012). We also know that high quality ECE programs are critical for benefits to accrue given the high cost of such investments. Quality pre-schools include productive teacher-child interactions, encouragement from teachers, and opportunities to engage with varied materials. Teacher quality and retention are also key ingredients for producing better outcomes for disadvantaged children. But these conditions are hard to establish or maintain in low income areas (Duncan, 2014).

President Obama's national drive to improve ECE for these children is part and parcel of our effort to overcome these gaps, but is hampered by differential state take up rates in expanding pre-school to all children (Magnuson, this volume). Moreover, cross-national research in Denmark and France, where universal ECE is the norm, shows that effective high quality pre-schools do reduce the slope in achievement for children from high and low education backgrounds . But the remaining differences in both cognitive and behavioral outcomes are still significant when outcomes are ranked by parental education (Bingley, et al, 2012; Le Franc et al, 2012). This suggests that while ECE can improve opportunity and mobility from the bottom, it is not by itself the "magic bullet " to achieving desirable levels of IGM.

Step 3 argues that a child accumulates human capital in elementary and middle school such that reading and math and socio-emotional skills are at acceptable levels to take full advantage of secondary school. But again the evidence from Brookings itself is that 38 percent of children cannot cross this bar by 5th grade (Granis, Sawhill and Winship, 2012). Sean Reardon (2011) has shown that differences in skills by SES —e.g., test skills and reading attainment, by parents' education/ income/SES have increased over the past 40 years. Moreover, there are also big gaps in self-regulation and externalizing behavior by SES dating back to the 1980s or earlier (Cunha and Heckman,2008). Given that richer and better educated parents buy into better schools and leave poorer parents to worse schools, the rise in incomes at the top of the distribution has propelled the children of highest income parents to increase the achievement gap between those children at the 90th percentile of parental income and the middle child at the 50th percentile (Reardon, 2013; 2014).

Step 4 argues that a child graduate from HS with 2.5 or better GPA (to offer the opportunity for post-secondary education) and not be convicted of a crime. If you do not count GED as HS degree, HS grad rates were flat from 1980-2007, and only slightly up if GED is counted, until 2010 when things finally start to change for the better and we begin to see rising graduation rates from secondary schools (Murnane, 2013). On the other hand, crime has risen especially for minority men over the past 30 years with terrible consequences for their lives and dreams and also likely negatively affecting their kids (NAS, 2014). Finally as a marker of progress or lack thereof in secondary schools, SAT scores continuously increase by parental income in lock step, as measured by critical reading, writing and especially mathematics, and with children at the top end of the distribution having a steeper slope than at the bottom or middle (College Board, 2013).

Step 5 means that one lives independently with a post-secondary credential and at a wage sufficient to maintain a middle class lifestyle by age 27. Not everyone needs a four year degree to reach the middle class, but some sort of credential is increasingly needed in today's labor market. While community colleges and career and technical education (CTE) offer some hope of job advancement to non-college goers, the evidence if its success is limited at this time (Heinrich and Smeeding,2014;2014a).

On the other hand, we know that most college going and college attainment gains have increasingly gone to upper income classes (Figure 6A). The gap in the fraction of children entering college has steadily expanded from a 19 percent to a 58 percent gap for children in the 1961-64 cohort in the lowest vs the highest parental income quintile, to a 29 percent to an 80 percent gap for the 1979-1982 cohort (Bailey and Dynarski, 2011). Similar patterns are evident for college graduation rates with only 9 percent of the lowest quartile college goers graduating within 6 years of entering compared to 58 percent of top income children in the most recent (1979-1982) cohort (Figure 6B). These differences are consistent across the income distribution, with higher income children increasingly having success at entering and graduating four year institutions as compared to middle and lower income children.

(Figures 6A and 6B here)

Indeed the children of the richest parents are increasingly likely to graduate within 5 years of starting college, most likely to attend and graduate from a high quality college or University, receive family support while attending college and graduating without college debt (Reardon, et al, 2012; Smeeding, Erikson and Jantti,2011). At the same time, there is evidence that equally well qualified lower income children consistently choose lesser institutions than those which they are qualified for (Hoxby and Avery, 2012). Reasons for not seizing the best

opportunity are many and varied, including poor college counseling in urban high schools and inability to correctly gauge the actual cost of college going .

Step 6 suggests that of a child follows most of these steps, they have an excellent chance to reach middle class (family income at least 300 percent poverty). But the overall patterns argue most don't do so. The success rate for poor children is only 44 percent compared to 64 percent for rich children. And falling on the steps hurts. For instance, a child who is ready for first grade by age 5 is nearly twice as likely to complete middle school than one who is not (Sawhill, et. al, 2012, Figure 7). Other evidence suggests that by age 30, 70 percent of men with only a HS degree or less are fathers, with only 40 percent of these men making more than \$20,000 per year, and less than half of these living with their children (Smeeding et al, 2011). Along with the rapid decline in marriage for all races in their 20's, the evidence suggests that a large pool of "unmarriageable men" may well be holding back the fulfillment of the American dream.

VI. Policy

Despite the gloomy reports above, we are making some progress in improving child mobility and life chances. For example United States fertility is at an all-time low, reaching a rate of 1.86 children per woman of child bearing age in 2013. More importantly, the way that American fertility has reached its record low, is by falling birthrates among teens and women in their early 20s. This is indeed good news for improving the upward mobility of children, keeping young women who are having children too early out of poverty, and bringing the US teen pregnancy rate closer to that in other rich countries (Hamilton, et al, 2014). Much of this success has come because of the spread of effective Long Acting Reverse Contraceptives (LARCS) which are much more effective than conventional birth control in preventing unplanned pregnancies (Sawhill, 2014).

And there are some parenting interventions, effective preschool programs and successful K-12 programs which have been shown to greatly improve mobility if each program is implemented and has the same success it has had in experimental evaluations¹⁰. The effect of a set of these programs simulated by the social genome team has been shown to reduce income gaps in the life course steps from 6-24 percentage points, and racial gaps by a significant amount, 6 to 13 percentage points depending on life stage. If all are applied successfully, the fraction of children who start and remain in the bottom income quintile is reduced by 11 percentage points, from 34 to 23 percent.

But big challenges remain, especially in parenting gaps. As we and others have shown, the role of parents is important at each stage of the life course (Duncan & Murnane, 2011; Ermisch et al. 2012). The role of policy vis-à-vis parents is a difficult one, as James Fishkin's (1983) trilemma suggests. Fishkin argues that an ideal society should operate according to three widely accepted and interrelated principles:

- 1) *Principle of merit*: There should be widespread procedural fairness in the evaluation of qualifications and competencies for positions in society (a true meritocracy, free from nepotism and related unfair influences on jobs and such goods as school entry.
- 2) *Equality of life chances*: The prospects of children for eventual positions in society should not vary in any systematic and significant manner with their arbitrary native characteristics, including parental heritage.
- 3) *Autonomy of the family*: Consensual relations within a given family governing the development of its children should not be coercively interfered with except to ensure for the children the essential prerequisites for adult participation in society.

In reality, these three principles are in conflict as far as most public policies are concerned. It is likely impolitic and inefficient for society to try to limit parental autonomy. It is very difficult for society to directly interfere with parental access to resources and opportunities. For example, promoting integrated schools with low- and high-SES children being instructed

¹⁰ These figures are taken from Sawhil and Karpilow (2014)

together might lead the rich to set up their own system of private and exclusive schools as in the United Kingdom and, to a lesser extent, in the United States , thus perpetuating inequality of life chances (Blanden et al., 2013; Ermisch, et al, 2012).

In short, the parental role is embedded in each and every child outcome gradient, and it is highly unequal. Most parents will do everything they can to give their children better outcomes—but not everyone is born to equally talented, equally educated, or equally well off parents. Nor are all mothers and fathers equal with respect to the capacity to parent their children in healthy ways. Because of the advantages of affluence, it is in the personal interest of high-SES parents to maintain the status quo, and to even enhance their children's opportunities by making the income and education gradient steeper at each life course stage. This is where policy reaches its limits unless we develop clever ways to limit parental autonomy (Reeves, 2014; Smeeding, 2014; Roemer, 2012).

Family structure and formation affect a child's life chances. To fill this gap, some suggest encouraging marriage but it's unclear what the role of public policy should be here given the poor results of evaluations of relationship and marriage programs. Postponing marriage and child-bearing are liable to improve life chances, especially if it leads to more stability and support for children. But finding a marriageable partner is also difficult for many women and men. The two most important preventive measures which will increase family stability and child quality , as well as increase IGM are to first, improve the economic and social prospects of the bottom half in terms of job stability and wage growth; and second, continue to provide the means to reduce unplanned pregnancies and births. America's policy efforts to date have not produced demand for low and medium skill workers. Nor have policies increased much needed skills among young men who do not have them. Without improved efforts, it may take the better part of a decade to reach a point where demand for

workers helps raise wages and increase job quality amongst younger low skill workers, especially men (Heinrich and Smeeding, 2014a). The solution for the hardest to employ should involve a stronger EITC (including one for single adults), larger refundable child allowances and higher minimum wage (Sawhill and Karpilow, 2014; Heinrich and Smeeding, 2014b). While such a package would continue to help mitigate poverty, the labor market solution has to be more than targeted programs for the poor if we are to provide greater chances for middle class children to succeed.

On the child bearing front, older parents are also better parents, according to the available evidence and so delaying childbearing is a good outcome for all. In the age of non-marriage, Sawhill (2014) suggests that “The old social norm was, ‘Don’t have a child outside of marriage’. But as marriage rates continue to fall, Sawhill (2014) also argues that the new norm needs to be: “Don’t have a child until you and your partner are ready to be parents”. Together these actions would limit the number of at risk children as well as curtail the ability of the upper classes to indemnify their children’s future, were we able to achieve them.

But prevention is only half of the policy package. We must at the same time do everything we can to improve the chance of today’s already born disadvantaged children. In addition to cognitive training, there is overlap in skills training for the labor market and for family formation. Soft skills such as conflict resolution or how to respond to set backs should be emphasized more in pre-schools and in parenting classes (Cuhna and Heckman, 2014) . And since parents are so important for child outcomes, one should try to make better parents, too. But in the new policy realm of parental improvement, ideas and efforts so far outstrip evidence of success, with a few exceptions (King, Coffey and Smith, 2013)

It seems that rising family social and economic inequality has a large tangible cost— that of diverging destinies for children as witnessed by trends toward less equal life chances

and lower social mobility for children. But evidence based policy can make a difference as Sawhill and Karpilow (2014) and earlier Haskins, Paxson and Brooks-Gunn (2009) suggest. But unless we embody some of these proven and cost effective policies in our arsenal, opportunity and mobility will both continue to decline. In a society that falsely prides itself on equality of opportunity, this is indeed discouraging news.

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Figure 1: Model of Intergenerational Transmission of Advantage by Life Stage

*It is implicit in the model that outcomes at any life stage can be associated with outcomes at any subsequent life stage.

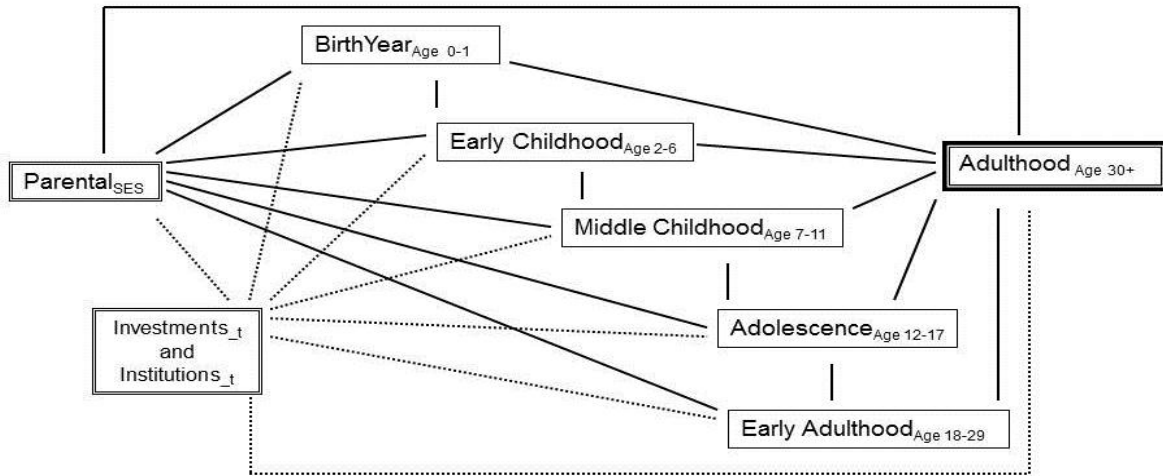
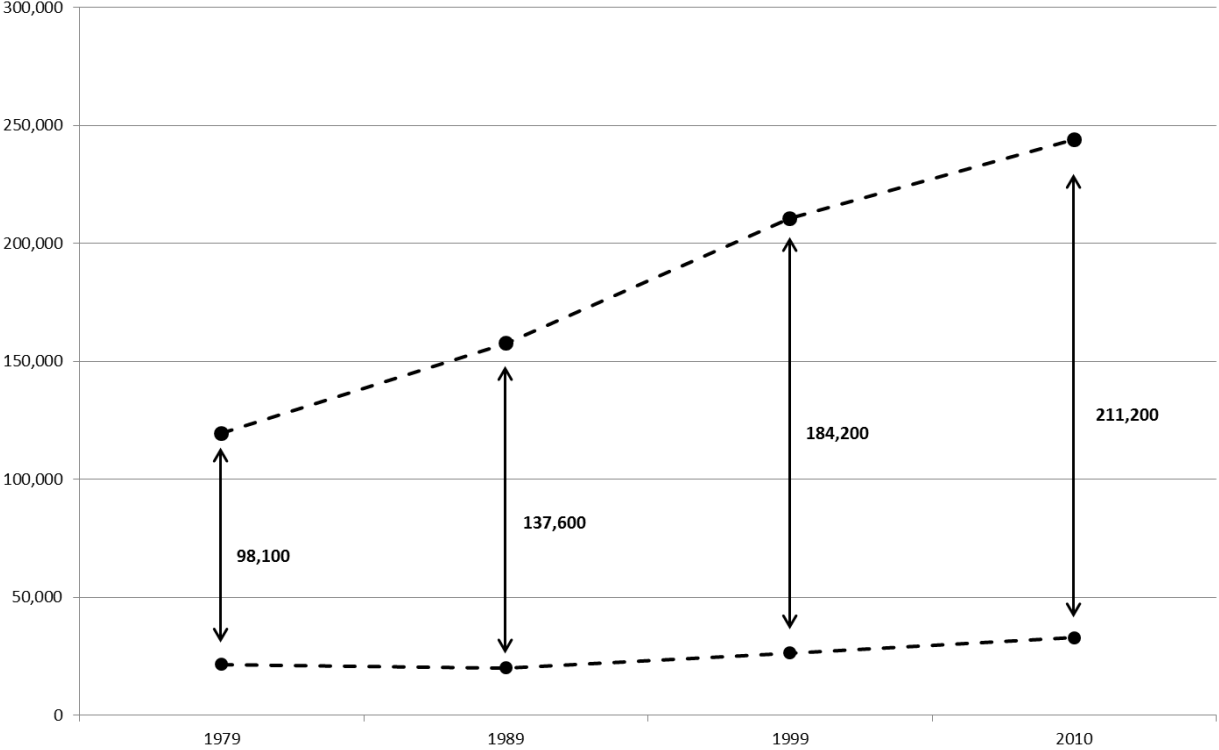


Table A. Variable Definitions and Examples of Proposed Measures at Different Points in the Life Course

Parental SocioEconomic Variables (Parental _{SES})	Childhood/Early Adulthood Life Stages	Investments _t and Institutions _t	Adulthood (Age 30+)
Measures: Education, Income, Earnings, SES, Occupation, Wealth, Employment	BirthYear (age 0-1), Early Childhood (age 2-6) Middle Childhood (age 7-11), Adolescence (age 12-17), Early Adulthood (age 18-29) Measures: Educational attainment, cognitive measures, socio-emotional behavior, employment/labor market, health/physical	Are assumed to be different public and private investments and institutions contributing to children's development that vary by country.	Measures: Child SES, Income, Education, Employment, Labor Market Attachment

Source Figure 1.2 in John Ermisch, et al. 2012. "Advantage in Comparative Perspective." In *From Parents to Children: The Intergenerational Transmission of Advantage*, John Ermisch, Markus Jäntti, and Timothy Smeeding. New York: Russell Sage Foundation.

Figure 2: CBO After-Tax Income for Households with Children: Mean Income of Bottom and Top Quintiles and Gap (in 2010 dollars)



Source: Author's Calculations from CBO (2013)

Figure 3:

Changes in real wage levels of full-time U.S. workers by sex and education, 1963–2012

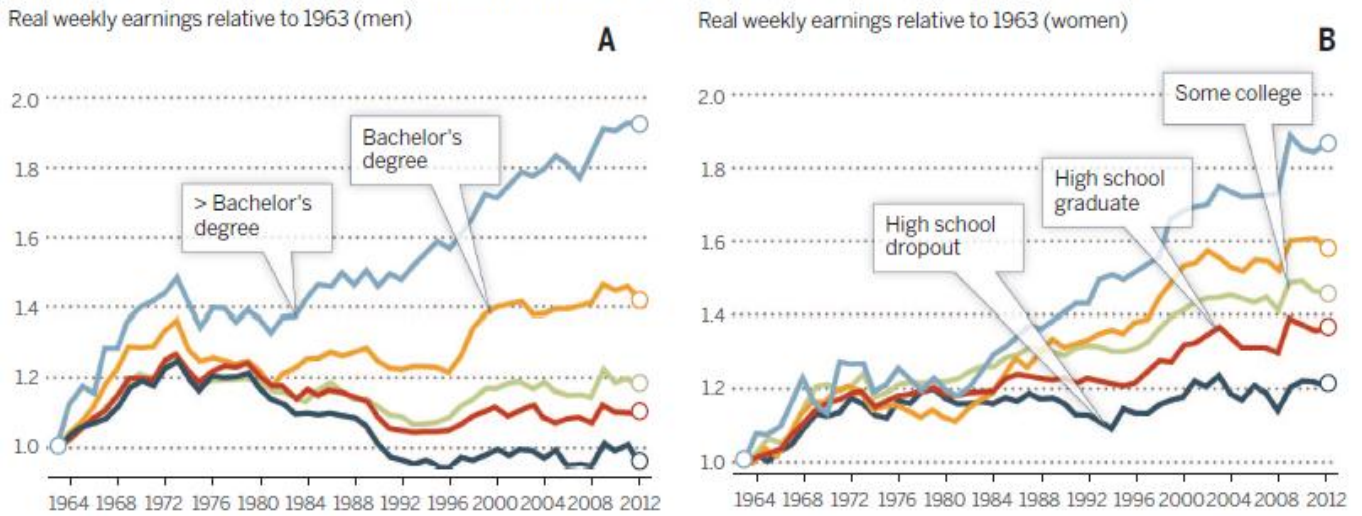
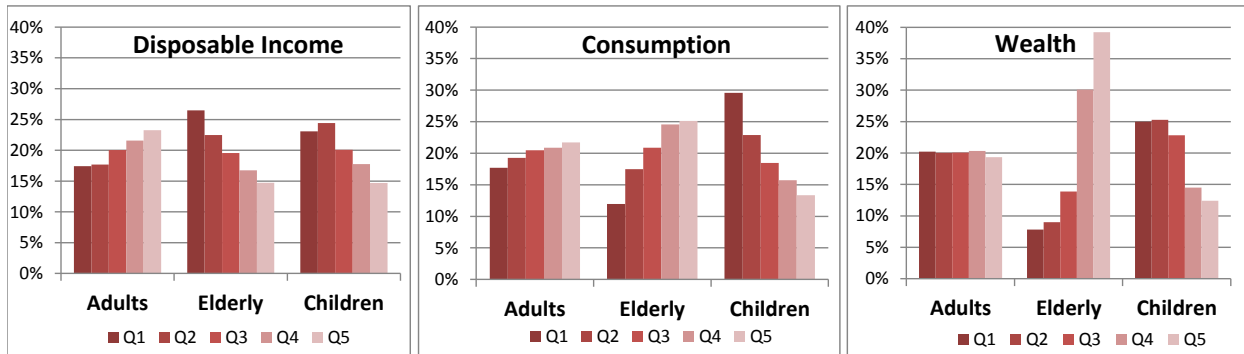


Fig. 6. Change in real wage levels of full-time workers by education, 1963–2012. (A) Male workers, (B) female workers. Data and sample construction are as in Fig. 3.

Source: Autor, David H. 2014. "Skills, education, and the rise of earnings inequality among the 'other 99 percent'". *Science* 344(6186), pp. 843-851. Data from CPS.

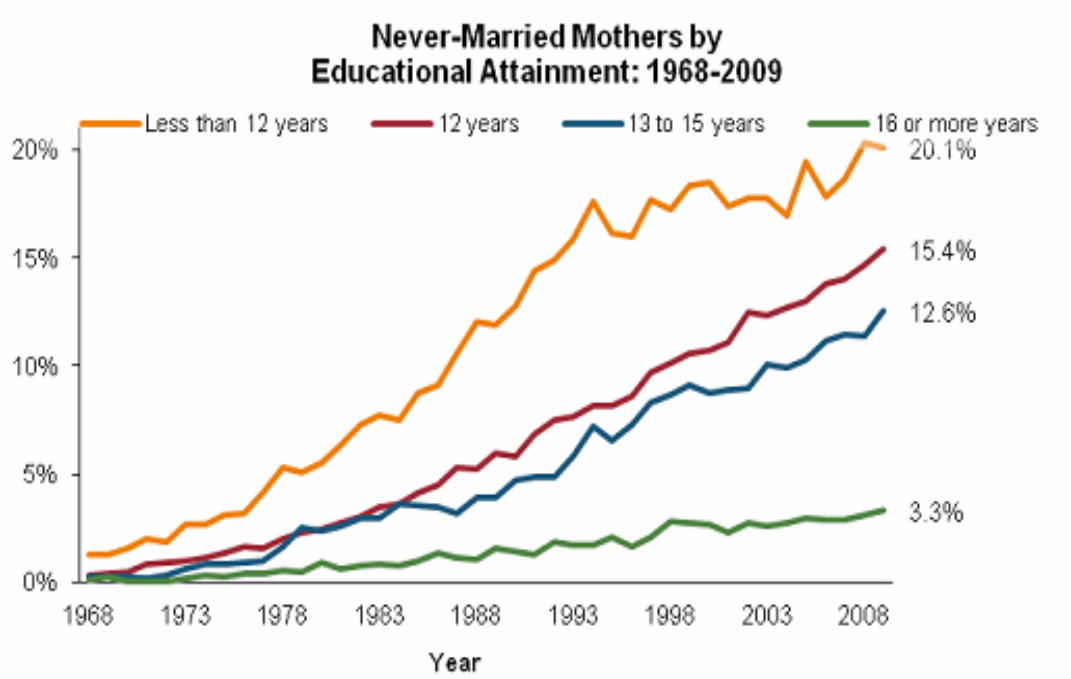
Figure 4: The Demography of Inequality by Age: Income, Consumption, and Wealth by Quintiles, 2010*



Sources: As calculated by Fisher, Johnson, and Smeeding (2013) for disposable income and consumption; Thompson (2013) for wealth.

*Note: The data are for number of persons by age: children (less than 18); elders (65 and over), so person weighted. Overall inequality is not shown, but if so, it would be at 20 percent of the population overall in each quintile. Each quintile is ranked by its own measure (income, consumption, or wealth) with an equivalence scale adjustment using the square root of household size. Adults include those currently living with elders or children under 18, as well as childless adults.

Figure 5:



Source: Brookings tabulations of the Current Population Survey, Annual Social and Economic Supplement. Sawhill (2011), figure 10, page 26.

Notes: The sample includes non-institutionalized, civilian women ages 16 to 64 with a child under age 18 living in their house. Never-married mothers are those who have never been married.

Figure 6

