



# Faces of Economic Mobility Methodology

## Data

This interactive is based on data from the Panel Study of Income Dynamics, or PSID, a longitudinal data set that has followed families from 1968 to the present. The most current PSID data used are from 2009. The analysis sample is restricted to families in which the head of the household had a child younger than 18 in 1968. For more information, see the appendix of Pew's report, **"Pursuing the American Dream: Economic Mobility Across Generations."**

The Faces of Economic Mobility interactive extends this prior work by looking in detail at the intergenerational income and wealth mobility of 24 distinct household typologies. In particular, this analysis explores how the intersections of various demographic characteristics affect economic mobility. These demographics include race—specifically black and white households—education, the presence of children, and whether the household is headed by a couple, a single woman, or a single man. Households were included if they had data for all of the demographic characteristics explored. Less than 1 percent of households were excluded because of missing demographic information.

To improve the accuracy of the data reported, household types having less than 30 unweighted cases were also excluded from the analysis. Consequently, eight household types were excluded from the final interactive because of sample size limitations, resulting in the publication of data for 16 of the 24 original household typologies. The final data are weighted to be nationally representative.

Income and wealth data are reported for each of the household typologies. Intergenerational income and wealth mobility are determined by using data from real parent-child pairs at comparable ages in adulthood. Because some parent-child pairs may be missing income or wealth data, the samples differ slightly for these measures.

## Definitions and terms

### Income

Income is defined as the total money derived from the taxable income (such as earnings, interest, and dividends) and cash transfers (such as Social Security and welfare) of the head of the household, spouse, and other family members. The PSID definition of family used in this analysis includes single-person families and unmarried cohabiting couples who share resources, in addition to families related by blood, marriage, or adoption. Family income does not include the value of noncash compensation such as employer contributions to health insurance and retirement benefits, nor does it include the effect of taxes or noncash benefits such as food stamps.

All values less than or equal to zero are coded as \$1. Measures of family income are adjusted for family size and inflation. An adult child's average family income in 2000, 2002, 2004, 2006, and 2008 is compared with the parents' average family income in 1967, 1968, 1969, 1970, and 1971.

### Wealth

Wealth is the respondent's estimate of the value of his or her home equity, farm or business, checking and savings accounts, other debt, other real estate, stocks, vehicles, and other assets. Home equity is included because of its importance to wealth accumulation. Estimates are adjusted for age and inflation. An adult child's average wealth in 2001, 2003, 2005, 2007, and 2009 is compared with the parents' wealth in 1984. Because information on wealth was first collected in 1984, parents' wealth is measured in that year only.

### Race

Race is measured using the head of the household's reported race in 1968. If race is missing, reported race up to 1972 is used. Only white and black respondents are included because of small sample sizes for other racial-ethnic groups.

### Sex

Sex is measured according to the individuals' reported sex in the PSID.

### Education

Education is measured according to whether the adult child is a college graduate. Adult children are determined to be college graduates if they reported that they had been in school for at least 16 years.

### Presence of children

A household is determined to have children if children are present in the household more than 50 percent of the time for which data are available, regardless of whether they are the biological children of the head of the household or spouse. Thirty-three percent of households have no children in the family unit in any year, 30 percent have children in the family unit in all years, 18 percent have children in the family unit for more than half of the years, and 18 percent have children in the family unit half or less than half of the time.

### Coupled and single households

A household is determined to be part of a couple if there is a spouse or cohabiter reported in the household more than 50 percent of the time for which data are available, regardless of marital status. Cohabitors are required to have lived in the house for 12 months or more. Twenty-nine percent of households are single in all years, 47 percent are a couple in all years, 14 percent are a couple in more than half of the years, and 11 percent are single half or more of the time.

## Absolute mobility

Absolute mobility looks at the percentage of adults with more income or wealth than their parents had at the same age.

## Relative mobility

Relative mobility looks at whether adults moved up, down, or stayed in place on the income or wealth ladders relative to their parents' place. The population of parents and children is divided into five equal parts, or quintiles, to demonstrate where families fall on the income and wealth ladders and whether movement happened between generations. For this interactive, upward and downward relative mobility are measured by the percentage who moved up or down by at least one quintile. This interactive also looks at those who stayed in the top, middle (did not move from the second, third, or fourth quintile), or bottom quintiles.

**Contact:** Samantha Lasky

**Email:** [slasky@pewtrusts.org](mailto:slasky@pewtrusts.org)

**Project website:** [economicmobility.org](http://economicmobility.org)

---

**The Pew Charitable Trusts** 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.