

For more than two centuries, economic opportunity and upward mobility have formed the foundation of the American Dream and remain at the core of our nation's identity. Until recently, the national economic debate has focused on income inequality rather than the health of this Dream. Too little attention has been given to the more fundamental issue of economic mobility—the ability to climb up or fall down the economic ladder within a lifetime or across generations.

RENEWING THE AMERICAN DREAM: A ROAD MAP TO ENHANCING ECONOMIC MOBILITY IN AMERICA, recently released by Pew's Economic Mobility Project, calls for a “portfolio shift” in the federal government's priorities in two ways:

- Encourage policies and promote activities that our research shows are important in order for Americans to experience upward mobility; and
- Reorient the existing \$750 billion “mobility budget” to be more targeted towards programs for low- and moderate-income Americans, those least likely to experience economic mobility.

Drawing on the expertise of the Project's ideologically diverse group of principals and three years of research (with more to come), *Renewing the American Dream* draws highlights how well we, as a nation, are doing to ensure mobility and includes practical recommendations to make the Dream of upward mobility a reality for generations to come.

WHY ECONOMIC MOBILITY?

Project data suggests that there is less economic mobility in the United States than previously believed.

More than two-thirds of Americans have higher family incomes than their parents had, including more than 80 percent of those born into the bottom of the income ladder. (*EMP Research, Isaacs, Haskins, and Sawhill, 2008.*)

The American Dream is distressingly out of reach for many. Forty-two percent of those born into the bottom income quintile remain there as adults—a figure that is nearly twice the percentage seen in many other industrialized nations. (*EMP Research, Isaacs, Haskins, and Sawhill, 2008.*)

THE ISSUES

HUMAN CAPITAL allows Americans to build skills that enable them live well, earn income, and pursue economic opportunities.

Prenatal care and early attention to child wellness set children on a course for lifelong health. (*EMP Research, Butler, Beach, and Winfree, 2008.*)

As many as a quarter of American young people drop out of high school and another quarter receive no postsecondary degree. (*Heckman and Lafontaine, 2007.*)

College degrees earned by children born to low-income parents, quadruples the children's chance of making it to the top of the income ladder as adults. (*EMP Research, Isaacs, Haskins, and Sawhill, 2008.*)

SOCIAL CAPITAL includes nonfinancial resources available through personal relationships and interactions with institutions.

Family structure, including whether one's parents divorce, has an impact on the potential for upward mobility. (*EMP Research, DeLeire and Lopoo, forthcoming.*)

Growing up in a high poverty neighborhood, even if one is not poor oneself, strongly increases the chances a child will be downwardly mobile as an adult. (*EMP Research, Sharkey, 2009*)

FINANCIAL CAPITAL is those assets such as personal savings or investments that individuals might leverage to move ahead.

Opportunities like 401(k)s, IRAs, homeownership, and entrepreneurship are the primary ways that Americans save, but they are limited for low-income and moderate-income individuals and families. (*EMP Research, Isaacs, Sawhill and Haskins, 2008; EMP Research, Carasso, Reynolds and Steuerle, 2008.*)

Children of parents who have relatively high savings have greater upward mobility than children of parents who have relatively low savings. (*EMP Research, Cramer et al, forthcoming.*)

POLICY RECOMMENDATIONS

Comprised of more than 25 policy ideas, the breadth of topics covered in the road map demonstrates that there is no “silver bullet” to improve economic mobility in America. Throughout one’s life, individuals make choices and experience institutions, such as schools and labor markets, that determine future economic outcomes. The following are some of the recommended policies that may support the American Dream.

EDUCATION

Promote children’s development early in life, including access to health care benefits and early childhood education.

Ensure all children and teens have access to effective educational programs, from K-8 to high school programs such as Career and Technical Education.

Promote enrollment in and completion of postsecondary education, at both two- and four- year colleges.

Help low-wage workers acquire skills needed for high-quality, well-paid jobs.

FAMILY AND COMMUNITY

Modify public assistance programs to encourage upward mobility in such ways as incentivizing people to save and reforming disability programs to ensure that those with the greatest need are served.

Encourage family formation, responsible fatherhood, and reducing teen pregnancies.

Provide opportunities for people to improve their neighborhoods or move to more prosperous areas.

SAVINGS

Encourage and promote lifelong savings early in life.

Improve the opportunities to save for higher education, particularly for low-income students.

Increase access to homeownership as a safe and secure savings vehicle.

Promote and increase retirement savings.

NOW IS THE TIME FOR NONPARTISAN SOLUTIONS

BY FORGING A BROAD AND NONPARTISAN AGREEMENT ON THE FACTS, FIGURES AND TRENDS RELATED TO MOBILITY, THE ECONOMIC MOBILITY PROJECT AIMS TO FOCUS PUBLIC ATTENTION ON THE CRITICALLY IMPORTANT ISSUE OF ECONOMIC MOBILITY, AND TO GENERATE AN ACTIVE POLICY DEBATE ABOUT HOW BEST TO ENSURE THAT THE AMERICAN DREAM IS KEPT ALIVE FOR GENERATIONS THAT FOLLOW.

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