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FAMILY STRUCTURE

AND THE ECONOMIC MOBILITY

OF CHILDREN

■ EXECUTIVE SUMMARY

Observers have long debated the importance of growing up with two parents for the economic opportunities it may afford children. Previously, the Economic Mobility Project found that while most Americans make more than their parents did in absolute dollars, many others, particularly low-income children, are limited in their ability to climb up the rungs of the income ladder relative to their peers.

An earlier analysis by the Project found that economic mobility is increasingly a “family enterprise” and that children with an absent parent may be at a disadvantage.ⁱ This report, using a dataset that has tracked parents and their children since the late 1960s, explores the question of how children’s economic mobility, both absolute and relative, may differ based on their parents’ family structure during childhood.

ABSOLUTE MOBILITY

refers to the concept of a rising tide lifting all boats—incomes rise because of overall economic growth.

RELATIVE MOBILITY,

however, refers to the process of individuals changing their position on the income ladder as compared to others.

This paper investigates how mobility rates of children whose mothers were continuously married differ from those of children of divorced mothers, and from those of children born to unmarried mothers. The results, which compare parent and child incomes measured at similar ages and divide the income distribution into thirds—top, middle, and bottom—indicate the following:

FAMILY STRUCTURE INFLUENCES THE ECONOMIC MOBILITY OF CHILDREN. DIVORCE IS PARTICULARLY HARMFUL FOR CHILDREN’S MOBILITY.

Relative Mobility

- Among children who start in the bottom third of the income distribution, only 26 percent with divorced parents move up to the middle or top third as adults, compared to 42 percent of children born to unmarried mothers and 50 percent of children with continuously married parents.ⁱⁱ

Absolute Mobility

- Among children who start in the bottom third, 74 percent with divorced parents exceed their parents’ family income when they reach adulthood, compared to 90 percent of children with continuously married parents.ⁱⁱⁱ

DIVORCE APPEARS TO HAVE MORE OF AN IMPACT ON THE ABSOLUTE MOBILITY OF AFRICAN AMERICAN CHILDREN THAN IT DOES ON WHITE CHILDREN.

- Among African American children who start in the bottom third of the income distribution, 87 percent with continuously married parents exceed their parents’ income in adulthood, while just 53 percent of those with divorced parents do.

- Among white children who start in the bottom third, about the same proportion of adult children exceed their parents' income regardless of whether their parents were continuously married (91 percent exceeding) or divorced (92 percent exceeding).

FAMILY STRUCTURE CAN EXPLAIN ONLY SOME OF THE DIFFERENCES IN ECONOMIC MOBILITY RATES BETWEEN AFRICAN AMERICANS AND WHITES.

Relative Mobility

- Sixty-six percent of *all* African American children whose parents are in the bottom third of the income distribution remain in the bottom as adults, compared with 45 percent of *all* white children—a gap of 21 percentage points.
 - Among children of *continuously married parents* whose incomes are in the bottom third, 62 percent of African American children and 45 percent of white children remain in the bottom as adults—leaving a gap of 17 percentage points.
- Family structure can explain a greater portion of the racial gap in downward mobility among children whose parents are middle income. Fifty-six percent of *all* African American children whose parents are in the middle third fall to the bottom third as adults, compared to 30 percent of *all* white children—a gap of 26 percentage points.
 - Among children with *continuously married parents* who start in the middle third, 42 percent of African American children and 30 percent of white children fall to the bottom—reducing the gap to 12 percentage points.^{iv}

Absolute Mobility

- Ninety-two percent of *all* white children whose parents are in the bottom third exceed their parents' incomes in adulthood, but just 82 percent of *all* African American children do—a gap of 10 percentage points.
 - Among children with *continuously married parents* who start in the bottom third, 87 percent of African American children and 91 percent of white children exceed their parent's incomes in adulthood—reducing the gap to 4 percentage points.
- For those who start in the middle third, 86 percent of *all* white children exceed their parents' incomes in adulthood, but just 58 percent of *all* African American children do—a gap of 28 percentage points.
 - Among children with *continuously married parents* in the middle third, 86 percent of white children and 62 percent of African American children exceed their parents' income, shrinking the gap just slightly to 24 percentage points.

ⁱ Sawhill and Morton, 2007.

ⁱⁱ All incomes are adjusted for family size. No matter parents' family structure, 47 percent of children whose parents were in the lower third of the income distribution move up to the middle or top as adults.

ⁱⁱⁱ Ignoring parents' family structure, 4 out of 5 children have higher family incomes than their parents had.

^{iv} Small sample sizes make it impossible to tell whether family structure affects racial differences in downward relative mobility from the top third of the income distribution.