

Downward Mobility from the Middle Class: Waking Up from the American Dream

by Gregory Acs

The idea that children will grow up to be better off than their parents is a central component of the American Dream, and sustains American optimism. However, *Downward Mobility from the Middle Class: Waking up from the American Dream* finds that a middle-class upbringing does not guarantee the same status over the course of a lifetime.¹ A third of Americans raised in the middle class—defined here as those between the 30th and 70th percentiles of the income distribution—fall out of the middle as adults. The data also show differences in rates of downward mobility from the middle based on both family background and personal characteristics.

The research for this report was undertaken to answer critical questions about what accounts for downward mobility from the middle class, and how those factors influence people differently depending on their race and gender. Four main findings were identified:

Marital status, education, test scores and drug use have a strong influence on whether a middle-class child loses economic ground as an adult.

In this era of two-worker families, both men and women who are divorced, widowed or separated are more likely to lose their middle-class status, as are never-married men and women.

- Compared with married women, women who are divorced, widowed or separated are between 31 and 36 percentage points more likely to fall down the economic ladder. In turn, never-married women are 16 to 19 percentage points more likely to be downwardly mobile than married women.
- Men who are divorced, widowed or separated are 13 percentage points more likely to drop out of the middle class than are married men, and men who have never married are 6 to 10 percentage points more likely to fall than married men.

Men and women raised in middle-class homes are generally more likely to fall out of the middle if they do not obtain education beyond high school.

- Women with a high school diploma or less who are raised in middle-class homes are between 14 and 16

¹ Middle class is a social construct that reflects occupational status, education and income among other factors. For ease of explanation in this report, however, the term “middle class” is used solely as a description of income status.

percentage points more likely to be downwardly mobile than women who get a college degree.

- Men with no more than a high school diploma are 7 to 15 percentage points more likely to be downwardly mobile than men with just some postsecondary education but no bachelor's degree.

A relatively low score on the Armed Forces Qualification Test (AFQT), which measures reading comprehension, math knowledge, arithmetic reasoning and word knowledge, correlates with downward mobility, as does the use of heroin or crack cocaine.

Race is a factor in who falls out of the middle class, but only for men.

- White, black and Hispanic women are equally likely to experience downward mobility out of the middle class, but 38 percent of black men fall out, compared with 21 percent of white men. Hispanic men also appear more likely than white men to fall from the middle as adults, but the difference is not statistically significant.

There is a gender gap in downward mobility from the middle, but it is driven entirely by a disparity between white men and white women.

- Only among whites are women more downwardly mobile than men: Thirty percent of white women fall out of

the middle class, compared with 21 percent of white men. Black women experience less downward mobility than black men, and Hispanic men and women have nearly identical chances of falling from the middle.

Differences in average test scores are the most important observable racial difference in accounting for the large downward mobility gap between black men and white men, but none of the factors examined in the report sheds light on the gap between white men and white women.

- 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. Taking into account a range of personal and background characteristics—such as father's occupational status, individual educational attainment and marital status—reduces this gap, but still leaves a sizable portion unexplained. However, taking into account differences in AFQT scores between middle-class white and black men reduces the gap until it is statistically indistinguishable from zero.
- On the other hand, even after accounting for personal and background differences, the gap between white men and white women remains almost completely unexplained.