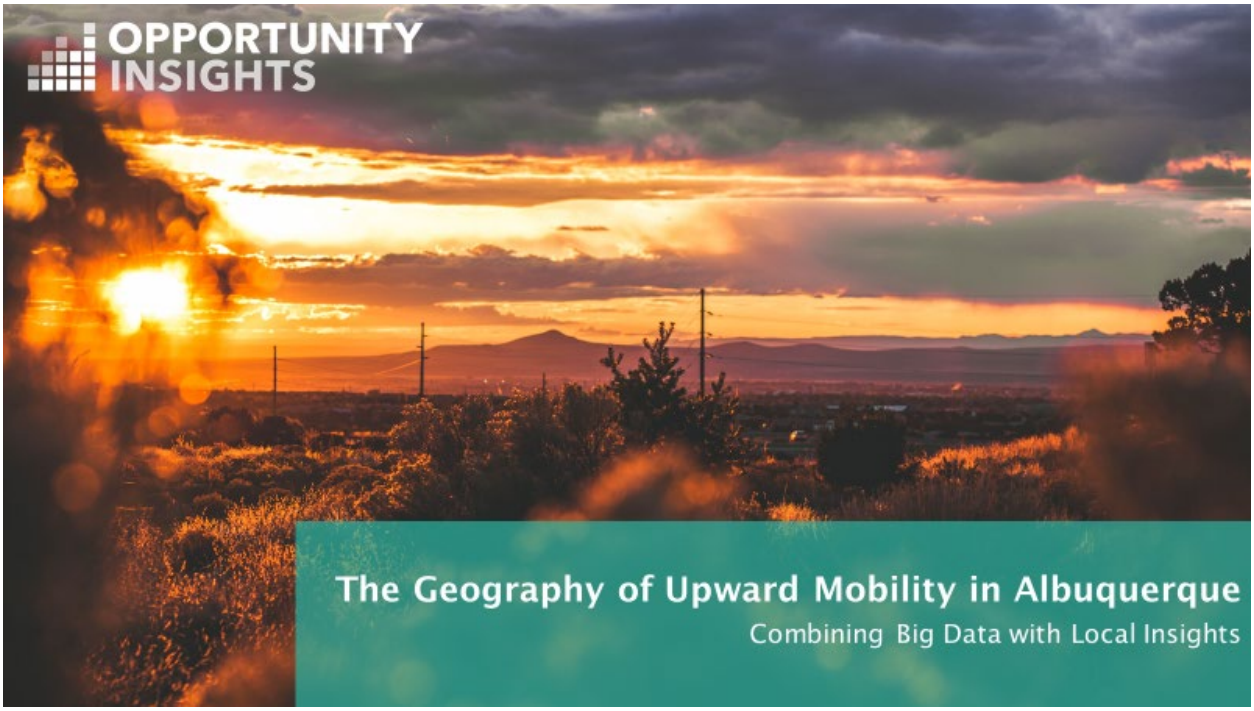


The State of Opportunity in the United States

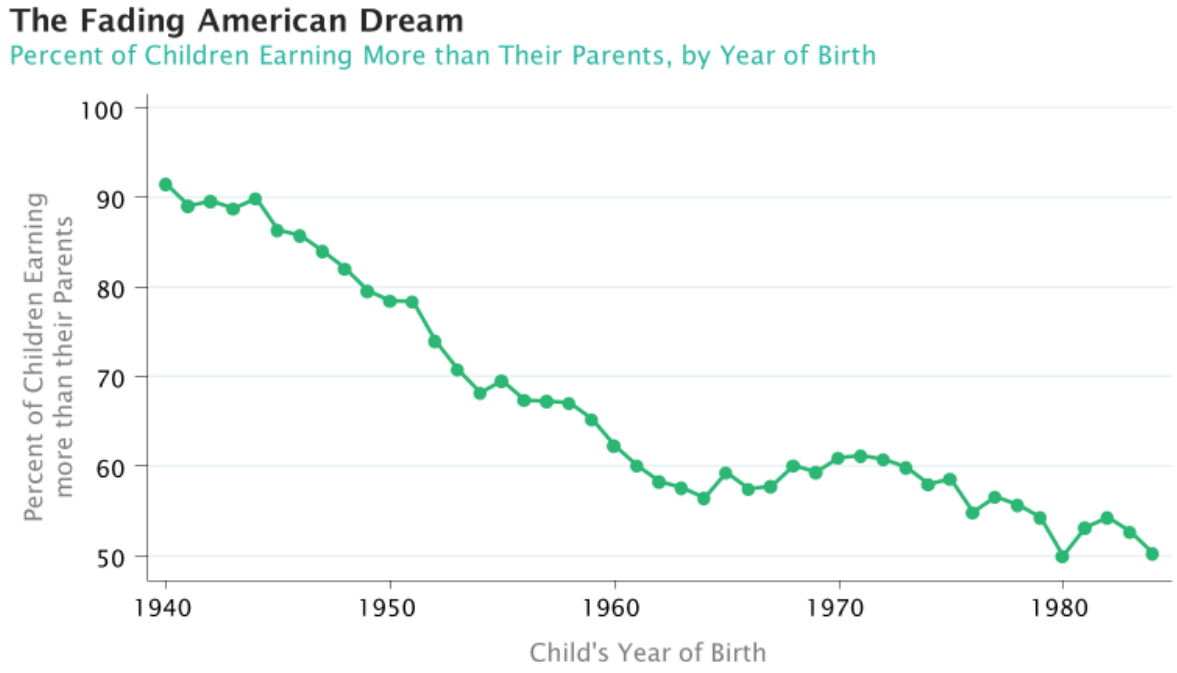
A defining feature of the American Dream is upward income mobility: the ideal that children, regardless of background, can grow up to have a higher standard of living than their parents. We assess whether the U.S. is living up to this ideal by estimating rates of "absolute income mobility" – the fraction of children who earn more than their parents – since 1940. We measure absolute mobility by comparing children's household incomes at age 30 (adjusted for inflation) with their parents' household income at age 30. We find that rates of absolute mobility have fallen from approximately 90 percent for children born in 1940 to 50 percent for children born in the 1980s. Unfortunately, the promise of the American Dream is increasingly out of reach for all American children, and especially for those children growing up in low-income families.

While absolute mobility rates have declined overall, there is significant variation across the country. We can measure which neighborhoods and communities in America offer children the best chances of climbing the income ladder by using the Opportunity Atlas, a free available interactive mapping tool created by Opportunity Insights that traces the roots of outcomes such as poverty and incarceration back to the neighborhoods in which children grew up.

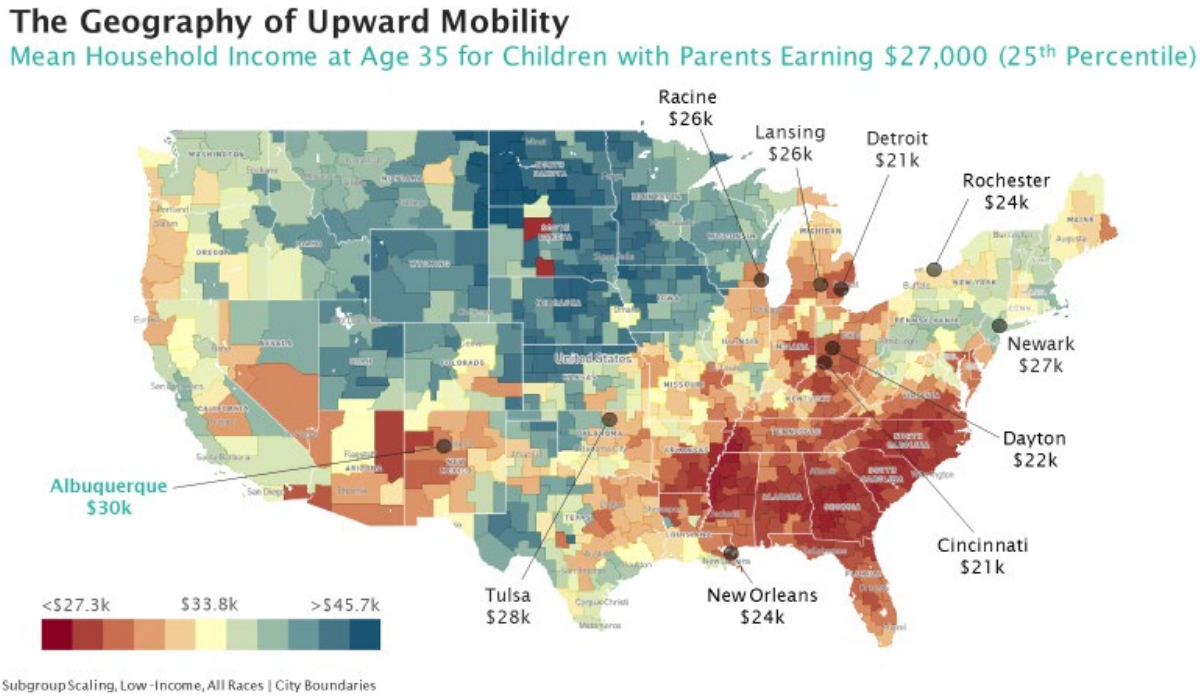
Using anonymized data from Census and tax records, the memo that follows highlights the geography of opportunity in Albuquerque, with a focus on its neighborhoods, housing, and higher education institutions.

The Opportunity Atlas is built using anonymized data on 20 million Americans who are in their mid-thirties today. We map these individuals back to the Census tract (geographic units consisting of about 4,200 people) in which they grew up. Then, for each of the 70,000 tracts in

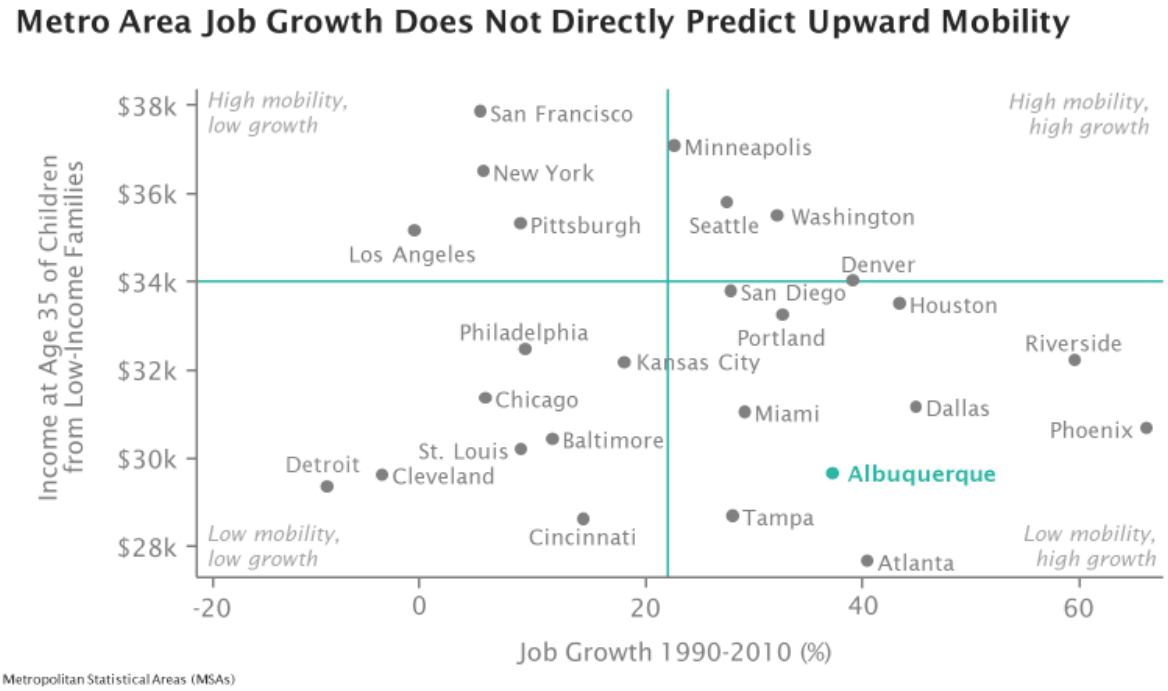
America, we estimate children's average earnings, incarceration rates, and other outcomes by their parental income level, race, and gender.



The map below shows the mean household income at age 35 for individuals who grew up in low-income households in metropolitan regions throughout the country.



While all these children begin at the same economic starting point, this map illustrates the difference that location can make in upward mobility. While a low-income child growing up Salt Lake City, Utah will earn a household income of $33,000 on average as an adult, low-income children from Charlotte, North Carolina grow up to make an average household income of just under $26,000.



Our measure of upward mobility that tracks outcomes for low-income children differs from traditional indicators of the health of a local economy, such as job growth. The chart above shows that there is no association between low-income children's earnings in adulthood and job growth rates across cities.

For example, Atlanta and Charlotte have had very high rates of job and wage growth over the past two decades, yet they have among the lowest rates of upward mobility for children who grow up there. These cities achieve high rates of economic growth by importing talent – i.e., attracting high-skilled people to move in and fill high-paying jobs. While this impressive economic growth may have brought other benefits to these cities, it is clear that a booming economy does not guarantee better outcomes for local children. In contrast, we find a strong positive correlation between the employment rates of adults who live in a given tract and rates of upward mobility for children who grow up there. Evidently, what matters for upward mobility is not proximity to jobs, but growing up around people who have jobs.

National Characteristics of Higher Opportunity Neighborhoods

These four **neighborhood variables** are among the strongest correlates **related to upward mobility** in the country. They are not necessarily causal factors, but they do give us a sense of what higher mobility neighborhoods tend to look like.

All U.S. Census Tracts

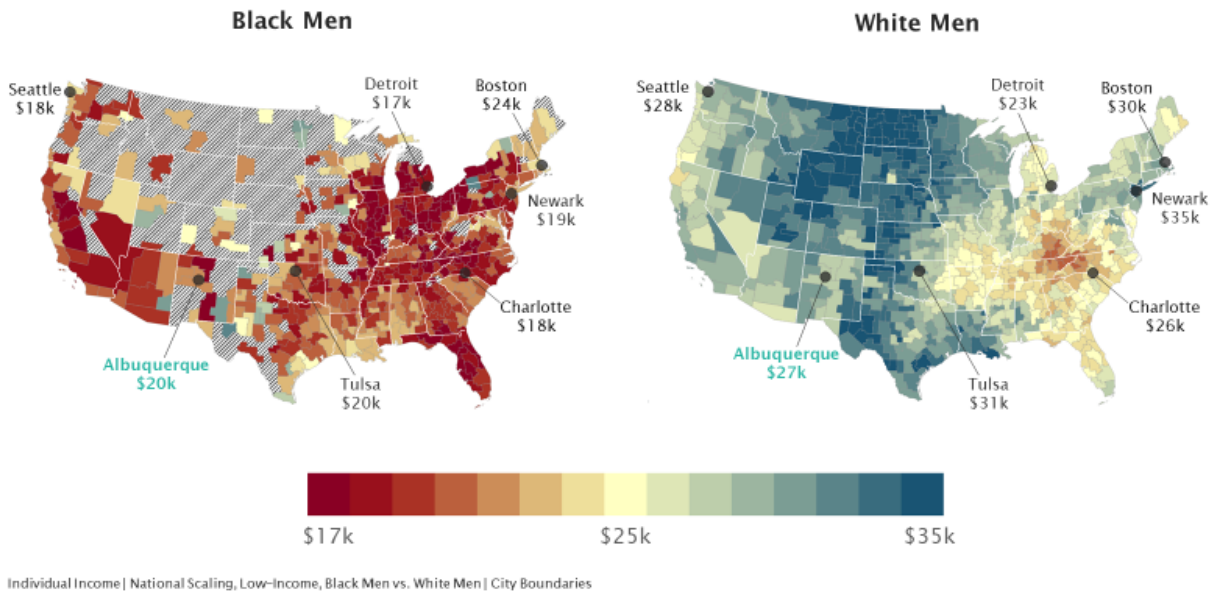
Upward mobility rates for children also correlate strongly with other characteristics of the local population, such as mean incomes, the share of two-parent families, as well as proxies for social capital and test scores. When it comes to poverty, what matters are the conditions in one's own immediate neighborhood rather than in nearby areas, even those just one mile away. The poverty rates in neighboring tracts are essentially unrelated to a child's future outcomes, controlling for the poverty rate where he or she is being raised.

While outcomes vary geographically, they also vary by race. One of the most prominent theories for why Black and White children have different outcomes is that Black children grow up in different neighborhoods than White children. However, we find large gaps even between Black and White men who grow up in families with comparable income in the same Census tract. In fact, the disparities persist even among children who grow up on the same block. These results reveal that differences in neighborhood-level resources, such as the quality of schools, cannot explain the intergenerational gaps between Black and White boys by themselves.

Black-White disparities exist in virtually all regions and neighborhoods. Some of the best metro areas for economic mobility for low-income Black boys are comparable to the worst metro areas for low-income White boys, as shown in the maps below. And Black boys have lower rates of upward mobility than White boys in 99 percent of Census tracts in the country.

Two Americas: The Geography of Upward Mobility For Black vs. White Men

Average Income at Age 35 For Men Whose Parents Earned $27,000 (25th percentile)



Individual Income | National Scaling, Low-Income, Black Men vs. White Men | City Boundaries

Despite the prevalence of Black-White gaps, there is substantial variation in rates of upward mobility for both Black and White boys across areas, as illustrated in the maps above. Areas that have higher rates of upward mobility for Whites tend to have higher rates of upward mobility for Blacks as well. For both Blacks and Whites, upward mobility is highest for children who grow up in the Great Plains and the coasts and lowest in the cities in the industrial Midwest.

Both Black and White boys have better outcomes in neighborhoods commonly perceived to be “good" areas: Census tracts with low poverty rates, high test scores, and a large fraction of college graduates. However, Black-White gaps are larger on average for boys who grow up in such tracts versus girls. This is because White children benefit more from growing up in such areas than Black children do.

In low-poverty neighborhoods, two types of factors are most strongly associated with better outcomes for Black men and smaller Black-White gaps: low levels of racial bias among Whites and high rates of father presence among Blacks.

Black men who grow up in tracts with less racial bias among Whites — measured by testing for implicit bias or explicit racial animus in Google searches— earn more and are less likely to be incarcerated.

Higher rates of father presence among low-income Black households are associated with better outcomes for Black boys but are uncorrelated with the outcomes of Black girls and White boys. Black father presence at the neighborhood level predicts Black boys'

outcomes irrespective of whether their own father is present or not, suggesting that what matters is not parental marital status itself, but rather community-level factors associated with the presence of fathers, such as role-model effects or changes in social norms.

Growing up in a high-income family provides no insulation from these disparities. Black men have much higher rates of downward mobility than other groups. Black men born to parents in the top income quintile are almost as likely to fall to the bottom quintile as they are to remain in the top quintile. By contrast, White men born in the top quintile are nearly five times as likely to stay there as they are to fall to the bottom.

Black men who move to better areas – such as those with low poverty rates, low racial bias, and higher father presence – earlier in their childhood have higher incomes and lower rates of incarceration as adults. These findings show that environmental conditions during childhood have causal effects on racial disparities, demonstrating that the Black-White income gap is not immutable.

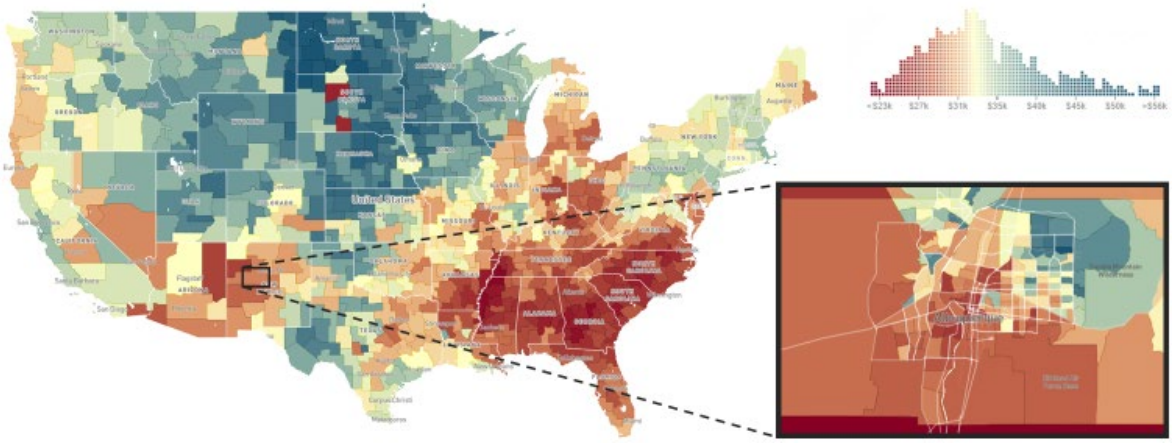
Differences in rates of mobility out of and into poverty are a central driver of racial disparities in the U.S. today. Reducing the Black-White gap will require efforts that increase upward mobility for Black Americans, especially Black men.

Ultimately, our research show that there is not a "one-size-fits-all" approach to improving upward mobility. Outcomes for low-income children can vary drastically from one neighborhood to another. Within the same neighborhood, they can vary widely across demographics like race and gender. Policies and programs that are conscious of this and target specific subgroups by race or gender in a neighborhood, and support children across different points in life, may be more impactful than blanket interventions.

Albuquerque in Context

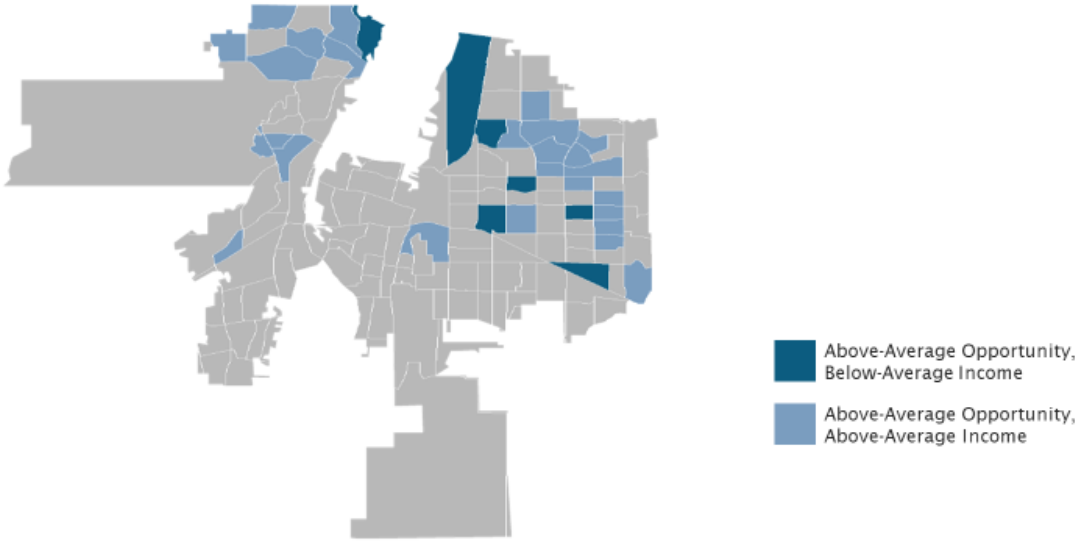
Compared to the United States as a whole, Albuquerque has slightly lower rates of upward mobility for low-income children. Low-income children in the city of Albuquerque grow up to make about $30,000 in adulthood, which is $4,000 lower than the national median of $34,000 in annual household income as adults. Disparities by parental income within Albuquerque extend beyond earnings, too. Incarceration rates are nearly four times as high and teen birth rates are twice as high for low-income children, and the college graduation rate is only 19 percent as compared to 44 percent for high-income children.

Low-Income Children in Albuquerque Grow Up to Make Less As Adults than the National Median



Children raised in Albuquerque by families earning less than $27,000 grow up to earn an average of about **$30,000 as adults**. This is **lower** than the national median of **$34,000.**

Tracts Producing Above-Average Outcomes for Low-Income Children are Concentrated in the Northeast of Albuquerque



Outcomes also vary significantly by race. Low-income Asian children growing up in Bernalillo County grow up to have the highest outcomes, making an average of $49,000 in adulthood.

Low-income White children grow up to earn an average of $37,000, while low-income Hispanic children grow up to earn an average of $31,000. Low-income Black children grow up to earn

about $25,000. Low-income Native American children grow up to have the worst outcomes, making an average of $20,000 in adulthood. While the outcomes for low-income Asian and low-income Black children growing up in the county outpace the national averages for these groups, the outcomes for low-income White, Hispanic, and Native American children all fall below the national averages.

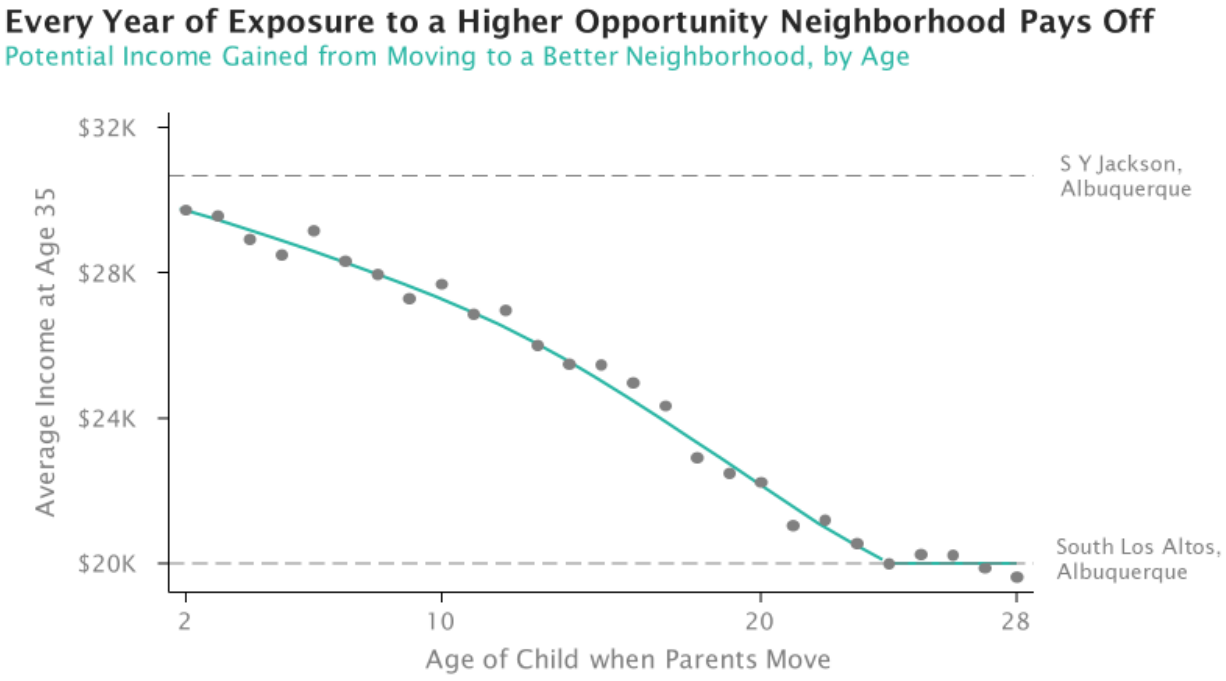
On average, the same range of variation in opportunity for low-income children that we find at the national level often exists within communities. That trend holds within the city of Albuquerque. There are several neighborhoods within the city in which the low-income growing up in them have above-average outcomes. Many of these neighborhoods are located within the northeast and northwest parts of the city. For example, low-income children from Eldorado Heights and Chelwood Park grow up to make an average of $43,000 and $38,000 respectively, higher than children growing up in other parts of the city. Some of this geographic concentration may be due to the racial composition of Albuquerque. The northeastern side of the city is predominantly white, while the southwest side is predominantly Hispanic.

Housing and Neighborhood Landscape

Children who move to high-upward-mobility neighborhoods earlier in their childhood earn more as adults, as illustrated in the chart below. The chart on the following page shows the average income (at age 35) of children raised in low-income families who move from the South Los Altos neighborhood of Albuquerque, a low-upward mobility area, to the S Y Jackson neighborhood, a high upward-mobility area in northeast of the city. Children who make this move at birth earn significantly more per year than those who move in their 20s.

Furthermore, revisiting data from the Moving to Opportunity Experiment, we find that children whose families were randomly offered a voucher to move to a neighborhood that had higher rates of upward mobility according to the Atlas indeed earned more in adulthood. On average, moving within one's metro area from a below-average to an above-average neighborhood in terms of upward mobility would increase the lifetime earnings of a child raised in a low-income family by $200,000. Children who grow up in better areas are also less likely to be incarcerated and are less likely to have teen births.

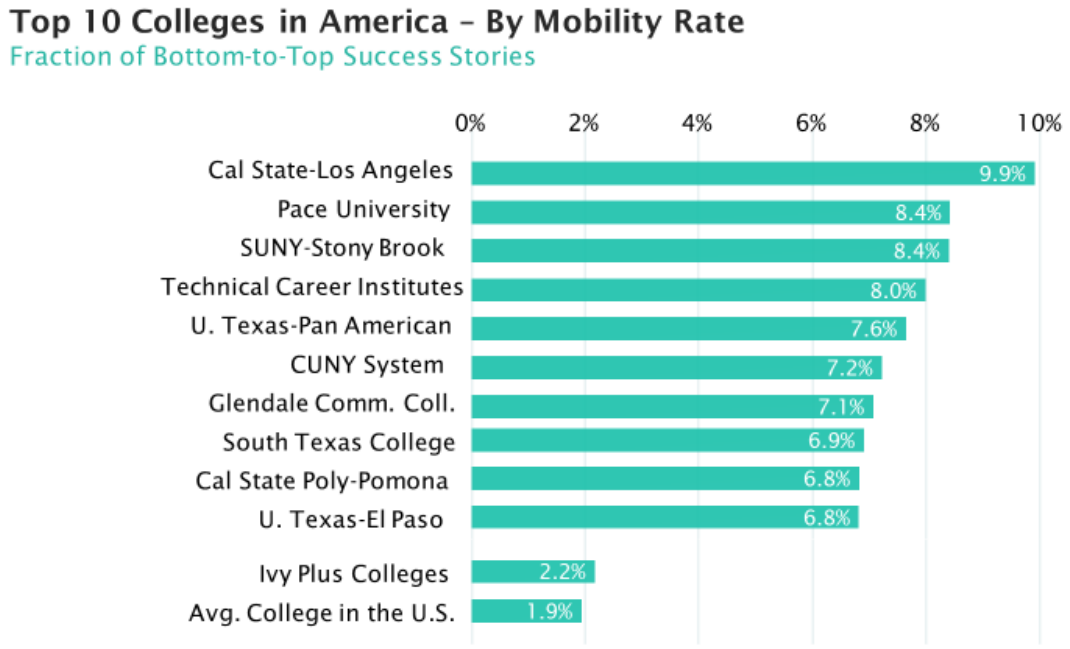
More broadly, our findings show that lowering the barriers that low-income families face in moving to high-opportunity neighborhoods – whether through housing voucher programs or other types of policies – can increase upward mobility significantly.



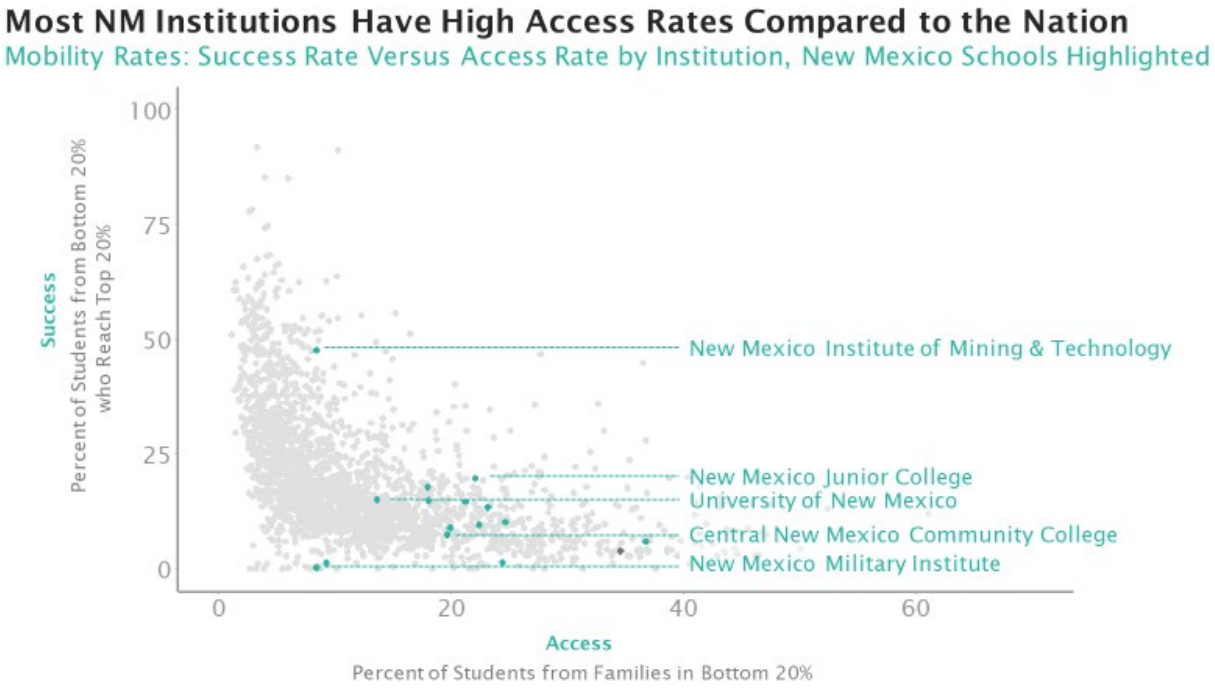
Higher Education

Access to opportunity occurs across an individual's lifespan. Where low-income children grow up can have a significant impact on their future outcomes. For many of these individuals, the next step to upward mobility is higher education. Opportunity Insights has partnered with more than 400 colleges and universities across the U.S. to research how higher education institutions can improve the economic mobility of their students.

We assess the extent to which colleges serve as engines of intergenerational mobility by constructing statistics on students' earnings in their early thirties and their parents' income for each college. We estimate these statistics using de-identified data from the federal government covering all students from 1999-2013. These statistics have two components. The first is access for low-income students defined as the proportion of students at an institution that come from families in the bottom fifth of the income distribution. The second is the success that low-income students have, defined by the fraction of students from the bottom quintile who move to the top quintile in the income distribution. Some colleges have great outcomes for the low-income students that attend, but very few low-income students enroll. Others have a high proportion of low-income students, but they do not have much success in moving them from the bottom to the top of the income distribution. Multiplying the access and success rates together gives us a cumulative measure of a college's mobility rate. The chart below shows the top 10 colleges in America by mobility rate.



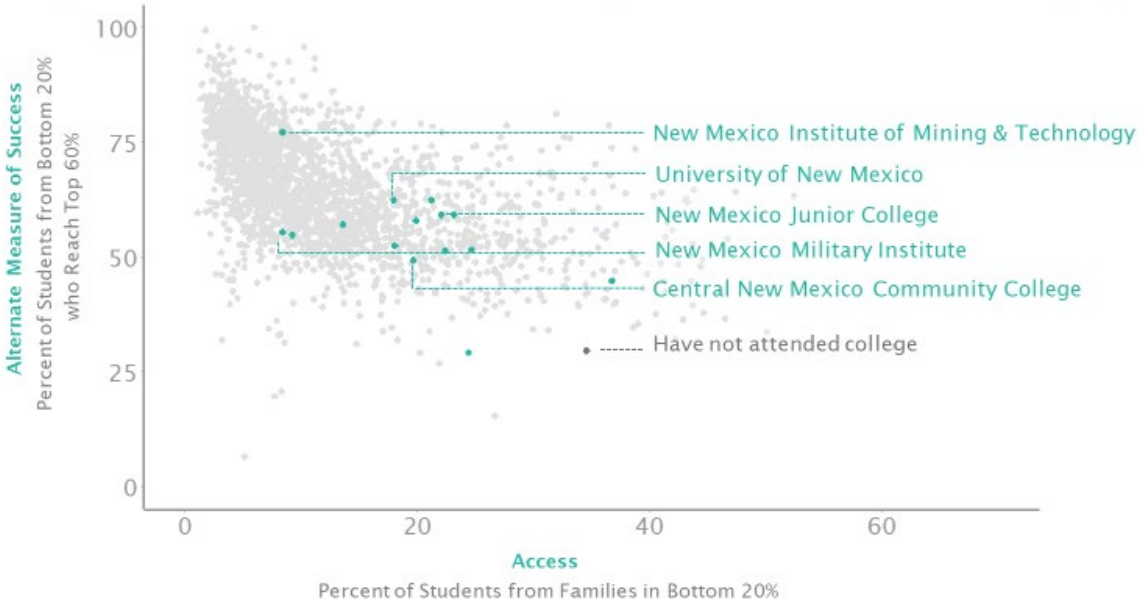
The first chart on the following page visualizes the mobility rates of colleges and universities across the U.S. along the parameters of access and success. Schools in New Mexico, on average, have higher access rates than the nation, but levels of both access and success vary across institutions. The University of New Mexico, for example, has an access and success rate in the middle of the national distribution, with a mobility rate of 2 percent. The New Mexico Institute of Mining & Technology is particularly successful in moving low-income students to the top of the income distribution, but admits fewer low-income students than other institutions in the area. Community colleges in the Albuquerque area generally admit a large percentage of low-income students, but have limited success in moving them to the top of the income distribution. Many of their success rates are on par with not having attended college at all. The New Mexico Military Institute, for example, moves a very small percentage of its students to the top of the income distribution. This could reflect the specialization of the school and the age at which adult income is measured in our data. In general, higher education access in Albuquerque is lower than the average access for the state of New Mexico, and has been declining slightly since 2000.



Moving students from the bottom all the way to the top of the income distribution is only one measure of a college's impact on its low-income students. When we look at which colleges in the Albuquerque area are successful in moving low-income students to the middle class – defined as the top three fifths of the income distribution – as opposed to the top fifth, outcomes improve across the board. The University of New Mexico's mobility rate rises from 2 percent to 7.8 percent on this measure, and we can see that the New Mexico Military Institute moves low-income students to the middle class at a much higher rate than not having attended college at all.

NM Institute of Mining & Technology Outpaces Peers on This Measure

Mobility Rates: Success Rate Versus Access Rate by Institution, New Mexico Schools Highlighted



Questions to Explore

Based on Albuquerque's opportunity landscape, there are a few potential avenues of inquiry that we suggest to drive action to improve economic mobility locally:

Housing and Higher Education

The memo highlights that lowering the barriers that low-income families face in moving to high-opportunity neighborhoods — whether through housing voucher programs or other policies — can increase upward mobility significantly. What are the housing policies you've implemented? What are the results you've seen? What's worked? What lessons have you learned?

The memo highlights the role that institutions of higher education can have in improving the long-term success of low-income students. How do you as a city connect with your higher education institutions? What roles might the city play in helping to expand access for low-income students to high mobility rate institutions in the state/region?

On-the-Ground Conditions to Promote Upward Mobility

There are several tracts within Albuquerque in which the low-income children raised there grow up to have above-average outcomes. What conditions on the ground can help explain these divergently positive outcomes?

What activities are already happening in your community to drive outcomes? What gaps exist with regard to housing, higher education, and supports for children along the life cycle?

Aligning Partnerships and Resources to Improve Upward Mobility

What are ways that you've galvanized your community to improve outcomes for low-income residents? Are there neighborhood focused efforts that you've already learned lessons from? What partners do you need at the table to drive upward mobility in Albuquerque?

About Opportunity Insights

Opportunity Insights is a non-partisan, not-for-profit organization located at Harvard University that seeks to translate insights from rigorous, scientific research to policy change by harnessing the power of "big data" using an interdisciplinary approach.

Formerly known as the *Equality of Opportunity Project*, Opportunity Insights disseminates research beyond academia, and develops scalable policy solutions that empower families throughout the United States to rise out of poverty and achieve better life outcomes.

For more information, please visit: www.opportunityinsights.org

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