Wealth Mobility of Families Raising Children in the 21st Century

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ABSTRACT

Relative wealth inequality between the top and bottom deciles has grown over the last twenty years (Piketty & Zucman, 2014). Not only are inequities growing across the distribution, but the gap in wealth held by the same white and black families has also more than tripled since 1984 (Shapiro et al., 2013). Within these broad trends of inequality, some families are able to get ahead and grow their wealth while others are not. Yet we do not understand the critical variables that increase the likelihood of gaining relative wealth mobility across the life course – within the same generation. This paper investigates the following questions: What accounts for intra-generational relative and absolute wealth mobility for the families with children in the first decade of the twenty-first century? And how does it differ by race?

This research draws on two longitudinal data sets – the Panel Study of Income Dynamics (PSID) household survey data matched with neighborhood-level U.S. Census data (1999-2011), and the IASP Leveraging Mobility (LM) (1998-2011) study. We utilize an integrated mixed methods design to answer the research questions. Analysis of the LM data determined key variables of wealth mobility for white and black families: homeownership, income, employment capital, extended family wealth, negative life events, and neighborhood factors. Regression analyses then tested these indicators for absolute and relative wealth mobility. Finally, LM data deepened the regression results by illustrating the pathways of significant wealth mobility predictors.

Preliminary analyses revealed that increasing family income, larger family transfers, consistent long-term homeownership, and in some cases occupation, increase the likelihood of upward relative wealth mobility. Negative life events, higher rates of neighborhood poverty, and black race of the family's head decreased the amount of absolute wealth mobility (wealth growth). These key drivers of wealth mobility highlight the critical policies that need to be reinforced and expanded so that all families have the capacity to build wealth over the life course and improve their family well-being and opportunity.

INTRODUCTION

Unlike income, which provides an ongoing stream of financial resources, wealth provides a store of financial resources that a family can access when experiencing income-reducing negative life events (McKernan & Ratcliffe, 2009) or build on to invest in human or other capital. Yet access to building wealth is vastly unequal, with a growing gap between those families that hold wealth and those who do not (Piketty & Zucman, 2014), limiting for more and more families their sense of financial security and options for investments.

Wealth disparities are even larger when examining wealth distributions by race. A plethora of research shows that the typical black family holds between 5 and 10 cents for each dollar that a white family owns (Shapiro et al., 2014; McKernan et al., 2013; Kochhar & Frey, 2011; Conley, 1999), and there is evidence that the wealth gap between whites and families of color is growing (Shapiro et al., 2013, Kochhar et al., 2011). Emblematic of this wealth gap, some families are able get ahead and grow their wealth, while others see their wealth decline, often into negative territory. Understanding what drives upward and downward wealth mobility is critical to enabling more parents the opportunity to build crucial financial resources for themselves and their children.

In the vast body of research on economic mobility, less attention has been paid to the study of wealth mobility within the same generation. The handful of studies on wealth growth and mobility within the same generation focus on past time periods such as the last two decades of the twentieth century (Conley & Glauber, 2007), or analyze households in general (Conley & Glauber, 2007) and women and men in particular (Jianakopolous & Menchek, 1997; Steckel & Krishnan, 2006).

To our best knowledge, no study has examined patterns of intra-generational wealth mobility for parents raising children at the beginning of the twenty-first century, a period marked by unique macro-economic events (two major recessions) and an associated sharp increase in wealth inequality during this period.

Understanding wealth growth and mobility patterns while families are raising children is important for two reasons. First, the wealth of a child's parents while the child is in the family is a predictor of how well the child does in their adult life (Keister, 2007). If we want to provide the best possible situation for a child to succeed, it is critical to understand the dynamics of family wealth mobility when children are living at home. Second and relatedly, parents' future well-being and economic security is dependent on the wealth they are able to accumulate during their child-rearing years, since this will be wealth they draw on in their later retirement years when they are less able to work to provide ongoing income. Their financial security will impact how much of a drain they are on their children's financial well-being.

This integrated mixed method study seeks to fill the identified research gap by testing predictors of wealth mobility, identified through qualitative analysis, in multivariate models that combine family-level and neighborhood-level predictors of upward and downward wealth mobility for families with children during the first decade of the twenty-first century. The overarching

questions we address are: What accounts for relative and absolute wealth mobility for families with children over the first decade of the twenty-first century? And how does it differ by race?

LITERATURE REVIEW

In the United States our understanding of stratification, or how people gain or lose economic status, is rooted in the belief that people rise and fall based on their own hard work and merit. For example, polling by the Pew Charitable Trusts found that 40 percent of Americans consider intra-generational wealth mobility – when a person starts poor, works hard, and becomes rich – to be common in the United States (Kochhar et al., 2011). Research on economic mobility, however, has challenged this popular notion of an "ideal" meritocratic society, showing that by many different measures, economic mobility is limited at the top and bottom of the distribution (Urahn et al., 2012; Urahn et al., 2013).

Economic mobility has been conceptualized and measured in a number of different ways. The first distinction is whether economic mobility is measured within the same generation, or between two or more different generations. Mobility measured within the same generation is called intra-generational mobility, and mobility between two or more generations is known as inter-generational mobility. Most mobility studies have focused on inter-generational mobility, studying how children are faring economically compared to their parents. More recently, there has been a new focus on intra-generational mobility, following individuals or families within the same generation.

The second important distinction is whether economic mobility is measured in absolute or relative terms. Absolute measures of economic mobility examine changes in the dollar amount of income or wealth that a family has over time. Relative measures of mobility look at the ranking of the family relative to other families and how that relative placement changes over time.

The third distinction is the measure used to quantify economic mobility. Studies have attempted to use a variety of different indices to represent the economic position of a family or individual. The dominant emphasis in the literature to date has been economic mobility as measured by income or occupation. Increasingly, however, scholars are interested in understanding wealth mobility because of wealth's unique capacity to be passed from one generation to another.

Acknowledging the unique role of wealth in shaping and perpetuating family economic opportunity, a growing body of research examines wealth mobility (Keister, 2007; Shapiro, 2004; Steckel & Krishnan, 2006; Urahn et al., 2012; Urahn et al., 2013). Much of the research to date on wealth mobility focuses on inter-generational mobility, or in other words, children's level of wealth compared to that of their parents. Strikingly fewer studies examine intra-generational mobility, or wealth mobility over the life course, and none to our knowledge has focused specifically on families with children.

Similar to income mobility, wealth mobility is measured as movement between wealth quintiles. These wealth quintiles are seen as the rungs on the wealth ladder, and measure movement up or down that ladder. Extending the ladder metaphor, research on wealth mobility examines both the

shift in spacing between the rungs of the ladder, and the movement of families and individuals along those rungs.

Trends in Wealth Mobility

With more research focused on wealth mobility between generations, we first focus on lessons learned from this work. Research on inter-generational wealth mobility shows some wealth mobility, while at the same time this research demonstrates that it has become harder to change wealth quintile. The Pew Charitable Trusts (2012) found that half of Americans had greater wealth holdings than their parents, and over seventy percent of parents situated in the bottom wealth quintile surpassed their parent's wealth. But the rungs of the ladder – the wealth quintiles – are getting further spread apart over time, meaning that it is becoming harder to move from one wealth quintile to another. Median wealth at the lowest quintile has decreased by more than half compared to a generation ago, while at the top of the wealth distribution, median wealth has increased from just under $500,000 to almost $630,000 over the same period (Urahn et al., 2012).

As a result of these trends in the wealth distribution, families tend to be "stuck" in the bottom or top wealth quintiles (Urahn et al., 2012). Conley and Glauber (2007) found that it was harder for a family to move up the wealth distribution than it was to hold onto their position at the top of the distribution. The stickiness of one's placement in the wealth distribution is tied to a legacy of extreme wealth concentration at the very top, a trend that has only increased since the 1920s (Keister & Moller, 2000). Such patterns are reinforced by the 'inheritance' of other key resources, including earnings potential and social networks (Bowls & Gintis, 2002; Shapiro, 2004).

Intra-generational studies of wealth mobility investigate changes over a working adult's life in their wealth position relative to others of the same generation (relative mobility) or in their wealth growth (absolute mobility). The patterns of stickiness at the ends of the wealth distribution seen in inter-generational wealth mobility studies are also found in intra-generational wealth mobility research. Jianakoplos and Menchik (1997) studied a cohort of men from the Survey of Mature Men over a 15-year period between 1966 and 1981. They found that there was remarkable persistence, or stickiness, in the rankings of families at either end of the wealth distribution: 62 percent of families ranked in the highest quintile in 1966 were also in the same quintile in 1981, and 61 percent of families in the bottom quintile remained in that same quintile in 1981. While over half of the families experienced some mobility, this was mostly to adjacent quintiles. Jianakoplos and Menchik also found that blacks were slower in moving out of the bottom quintile than whites, and were more likely to move down out of the top quintile.

Steckel and Krishnan (2006) studied wealth mobility using the National Longitudinal Survey of Older Men and of Mature Women, examining movement in and out of wealth deciles over a ten-year period from 1966 to 1976, and found similar results to Jianakoplos and Menchik's (1997) study. Conley and Glauber (2007) studied intra-generational relative wealth mobility over a 20-year period between 1984 and 2003, and found that "it is much easier for individuals to hold on to their high wealth levels than for individuals to move into high wealth levels" (p. 18). A family in the bottom quartiles was unlikely to move out of the bottom half of the wealth distribution. Moreover, white families were more likely to move up and remain in the upper half of the wealth

distribution, whereas blacks were more likely to be in the lower half of the wealth distribution and to move down the wealth distribution.

Another set of studies has sought to understand trends in wealth growth over the life course (intra-generational absolute wealth mobility), rooted in the work of the life-cycle model posited by Modigliani and Brumberg. Modigliani and Brumberg's (1954) study presents an idealized model of wealth accumulation, where families build wealth over their working life and de-accumulate upon exiting the workforce. Sullivan (2012) took this pattern to task when she documented the "bumpy road" of wealth accumulation over the life course. Studying patterns of wealth accumulation in the Health and Retirement study, she finds that wealth accumulation moves up and down over time in relation to negative life events such as illness and unemployment. Conley and Glauber (2007) also studied what they call "wealth volatility" over the course of a 20-year period from 1984 to understand the degree to which families had to dip into their wealth buffer. Over half of the U.S. population experienced at least one 25 percent drop in wealth over the study period. The data suggest that the majority of those losing this much wealth are the least wealthy.

Race and Wealth Mobility

Research on family wealth mobility by race reveals stark disparities in who is able to get and stay "ahead." Blacks are not only much more likely to be raised at the bottom of the family income and wealth ladders than are whites, but they also have a harder time exceeding their parents' family income and wealth than whites (Urahn et al., 2012). In addition, whites are twice as likely as blacks to leave the bottom rung over a generation (Urahn et al., 2013), and over three-quarters (75.1 percent) of blacks who resided in families in the bottom wealth quartile as children remained in the bottom half as adults. In contrast, whites from the bottom quartile had an almost fifty-fifty chance to end up in the top half of the wealth distribution. These findings reveal that most well-off blacks are downwardly mobile in relation to their parents' wealth holdings. In other words, black families have less inter-generational wealth mobility than white families.

Few studies examine intra-generational wealth mobility, or changes in wealth over the life course, and the impact of race. Those that did reported that black families saw substantially less upward wealth mobility, or even stability, than white families. For example, only 24 percent of black adults remained in the top wealth quartile as they aged, in contrast to 60 percent of white adults who remained in the top wealth quartile over their life course (Conley, 2009). Earlier data from the 1960s and 1970s points towards greater wealth mobility among blacks than whites, but less upward wealth mobility for blacks with low wealth status (Jianakoplos & Menchik, 1997).

A related set of studies seeks to establish the magnitude of wealth accumulated over the life course - absolute wealth mobility - and compare how this might differ by race group. Shapiro et al. (2014) documented the differences in wealth accumulated over a 27-year period by whites and blacks. The median white family started with $20,000 more in wealth than the median black family, but ended the study period with $95,000 more in wealth than the median black family. In other words, white families accumulated wealth at three times the rate of black families. McKernan et al. (2013) found that white families in their thirties held three and a half times as

much wealth as black families in the same age cohort in 1983. By the time these same families were in their sixties in 2009, white families held seven times as much wealth as black families.

Predictors of Wealth Mobility

Identifying and highlighting the 'hidden' mechanisms leading to wealth mobility, either inter- or intra-generationally, reveals both the stickiness of advantage and disadvantage and how these are transmitted from one generation to the next. These mechanisms are core to understanding how economic inequality is created and perpetuated in American society.

Research has pointed to a number of different predictors of intra-generational wealth mobility, including family structure, private family transfers and inheritance, occupation, income, homeownership, unemployment, divorce, experience of a health event, and entrepreneurship. Table 1 reveals which variables have been examined by key studies in this line of research. These studies have also utilized a number of different control variables, including rural/urban, region, age, race, and education.

Steckel and Krishnan (2006) found that, in the 1960s and 1970s, education reduced the likelihood of persisting in or moving into the bottom deciles. Divorce increased the chances of moving down. Homeownership had a protective effect, reducing the chances of remaining in the bottom decile and increasing the likelihood of moving into the top decile. White-collar workers were more likely to move into the top decile, while blue-collar workers were more likely to decline. Children or dependents reduced the incidence of upward mobility and spurred downward mobility. Blacks were more likely to persist in and move into the bottom deciles. Jianakolos and Menchik (1997) found that, for a similar group in the 1960s, upward mobility was predicted by higher levels of household earnings, residence in southern or western states, receipt of an inheritance, and wealth composition. Factors contributing to downward mobility included age, transition into retirement, unemployment, divorce, race, and initial wealth. Conley and Glauber (2007) found that, over a twenty year period, being married, increasing income, increasing age, education level and inheritance all increased the probability of upward relative wealth mobility, while being black promoted downward mobility. While each of these studies only examines a small number of variables, none examine the full range of variables providing a comprehensive theory of wealth analysis (McKernan et al., 2014).

Table 1 outlines the key studies that have examined intra-generational wealth mobility and intra-generational wealth accumulation. As the table shows, there are not a large number of intra-generational wealth studies. The table outlines the time periods examined by these studies, demonstrating a focus on the 1960s and 1970s; only one recent study looking at intra-generational wealth mobility by Conley and Glauber (2007) covers a somewhat contemporary period. In addition, these studies all examine either men or women, or all families. Yet understanding the context that children are living in is critical to improving children's lives.

Keister (2004) focused specifically on children, examining the impact of childhood family structure and characteristics on adult wealth accumulation. She found that when children were raised in families with incomes below the poverty line, with separated or divorced parents, or with extended family in the home, their wealth accumulated significantly lower. For families above the poverty line an increase in the number of siblings decreased wealth accumulated,

although not for families with the highest resources. A later study by Keister (2007) examined intra-generational wealth accumulation for young adults as they age over 20 year period (1979-2000) using the National Longitudinal Survey of Youth. She finds that specific characteristics related to being Roman Catholic - declining fertility rates, increasing education, high marriage rates, increasing income and conservative savings and investment behaviors - were related to increasing upward wealth mobility for this group.

Finally, Table 1 lists the variables that each study included in their models predicting intra-generational wealth mobility. What is striking is that each study examined only a sub-set of the full range of variables summarized in this table. Each study used different predictor variables than the others, demonstrating that there continues to be a lack of a rigorous and comprehensive theory about what variables influence intra-generational wealth mobility. Importantly, while region and urban/rural variables are included in some models, not one of these studies examined the role of the neighborhood.

As Steckel and Krishnan (2006) note, "economists have yet to create a reasonably comprehensive theory of wealth (or income) mobility" and so choose their predictor variables through theories about different aspects of wealth accumulation, prior studies, and "of course, intuition" (p. 202). The lack of theoretically comprehensive analyses of wealth mobility for families with children at the start of the twenty-first century means that we are missing data important to developing relevant contemporary policy. To address some of these shortcomings, this paper seeks to:

1. Document intra-generational wealth trends – accumulation and mobility- for families with children at a key point in the child's life – when the child is in the home
2. Develop a comprehensive theory of intra-generational wealth mobility and accumulation
3. Use the comprehensive theory to build a model to predict wealth accumulation and mobility for families with children
4. Examine racial differences in intra-generational wealth mobility and accumulation

Table 1: Summary of variables and time periods used in intra-generational wealth mobility and wealth accumulation studies

Study	*Age*	*Race*	*Education*	*Income*	*Home-ownership*	*Inheritance*	*Financial Transfers*	*Occupation*	*Family structure / characteristics*	*Divorce/Widow Event*	*Unemployment*	*Health Event*	*Neighborhood*	*Region*	*Rural/ Urban*	*Entrepreneurship*	*Years studied*
Intra-generational Wealth Mobility (Relative Mobility)																	
Steckel and Krishnan, 2006	X	X	X		X			X	X	X				X			1966-1976 (men); 1967-1977 (women)
Conley and Glauber, 2008	X	X	X	X		X	X		X								
Conley and Glauber, 2007	X	X	X	X		X											1984-2003
Jianakoplos and Menchik, 1997	X	X			X			X	X			X			X		1966 - 1981
Quadrini, 1999													X			X	1984-1990
Intra-generational Wealth Accumulation (Absolute Mobility)																	
Keister, 2004	X	X	X	X					X	X							1979-2000
Keister, 2007	X						X		X	X				X	X		1985-1998
Shapiro, Meschede, Osoro (2013, 2014)		X X	X	X	X		X			X	X						1984-2009 (households heads age 25-54 in 1999

RESEARCH QUESTIONS AND METHODOLOGY

Our review of the literature reveals a gap in examination of intra-generational drivers of wealth mobility for families with children. This leads us to our research questions, which are as follows:

1. What allows families to accumulate wealth (absolute wealth mobility) over a period of twelve years while raising children?
2. What allows families to gain relative wealth mobility over a period of twelve years while raising children?
3. Are there differences by race in wealth mobility for families with children?

To both provide context and to shape our hypotheses, and then to address these research questions, we followed an integrative mixed methods (IMM) analytical strategy drawing on two different data sets. The first data source is the IASP Leveraging Mobility study, a longitudinal interview database that both provides in-depth case studies and thematic observations that shape our hypotheses, and rounds out findings from our second data source. The second data set is the Panel Study on income Dynamics (PSID), a longitudinal household survey that includes excellent measures of wealth and a representative sample of white and black families. This second data set provides the means to run regression models developed from the Leveraging Mobility data. The following section of the paper describes these two data sets in greater detail and reviews our methodological approach.

Panel Survey on Income Dynamics (PSID)

The PSID has been following a sample of 5,000 families and their descendants since 1968. Initially oversampling lower income and black populations, the PSID refreshed its sample in 1997 to better represent changes in the U.S. population. Primarily focused on income and related attitudinal information, the PSID added a module collecting wealth data in 1984.

This study focuses on PSID families who in 1999 were of working age (household heads 25 to 54 years of age) and had children under age 18 living with them, and follows them over 12 years until 2011, the most recent year of publically available PSID data. This time frame and target population was selected to replicate the time frame of the IASP Leveraging Mobility study and its focus of families with children. To understand the relationship between these PSID families and their neighborhood of residence, the PSID family-level survey data was matched with neighborhood-level data from the 2000 U.S. Decennial Census. Census tracts were used as proxies for the neighborhood, following convention in social science research.[1]

PSID Sample Characteristics

Family heads in the PSID sample for this study are 15 percent black, close to 40 years old, 54 percent with at least a high school degree, and 76 percent married (86 percent of white family heads, versus 32 percent of black heads). Average family income in 1998 was $94,594 (on average $113,130 for white families, significantly higher than the $47,908 average reported by

[1] Census tracts are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment; they generally have between 1,500 and 8,000 people, with an optimum size of 4,000 inhabitants. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other nonvisible features; they always nest within counties.

black families), and 38 percent of all family heads were employed in white-collar jobs in 1999 (46 percent of white heads, versus 19 percent of black heads). Seventy-one percent of all families owned their homes in 1999 (81 percent of white families, versus 39 percent of black families), and 57 percent owned their home through the entire study period (67 percent of white families, versus 26 percent of black families). As widely documented in prior research, white families received significantly more in financial transfers over the study period, totaling on average $31,938, versus $3,708 for black families.

The experience of unforeseen negative life events differed by race. White families experienced the loss of a spouse slightly more often (12 percent, versus 10 percent for black families), and were also slightly more likely to report the onset of a disability (31 percent, versus 28 percent for black families). Unemployment, on the other hand, was more common among black families. 47 percent of black families reported unemployment of the family head or wife at some point over the study period, compared to 36 percent of white families.

Neighborhood poverty differed greatly between white and black families. Overall, an average of 10 percent of families' neighbors lived below the poverty line. However, for black families, exposure to neighborhood poverty was much higher; on average 18 percent of their neighbors lived in poverty, compared to just 6 percent of the neighbors of white families.

Leveraging Mobility (LM) Study

The IASP Leveraging Mobility study comprises a unique qualitative dataset of in-depth interviews conducted at two points in time, offering a rare look at the financial lives of families and the decisions and trade-offs between financial security and opportunities made during a decade of particular economic volatility. In 1998, the original sample of 180 families was selected to ensure that the sample was divided evenly between white and black families and included an equal split of working class and middle class families. At baseline, families had children aged between 3 and 10 years old. When the second wave of 137 interviews was conducted between 2010 and 2012, more than 12 years later, these children were at the end of their high school career or beyond. The parents were now in the latter half of their working lives, between 40 and 60 years old. The racial breakdown remained the same in the follow-up interviews as in the baseline sample. Families were located in three urban cities in 1998: one on the East Coast, one on the West Coast, and one in the Midwest. At the time of the second interview, the majority lived in the same city or nearby; a few families had moved to other states, where they were contacted and re-interviewed. The baseline and follow-up interviews covered information about the children's educational histories, the community or communities where they resided previously and currently, family income and expenditures, family wealth and debt, their work history, family financial and non-financial assistance, and reflections about their economic security and decisions they had made related to using their assets.

Integrative Mixed Methods (IMM) analysis

Following the approach of an integrative mixed methods (IMM) analysis, the two data sets in this study were developed in parallel to ensure greatest complementarity.[2] Once these data sources were finalized, our analyses moved back and forth between them, with each data set

[2] Later sub-sections of the paper provide details on the ways that the Leveraging Mobility study was designed to mirror the questions and topics in the Panel Study of Income Dynamics data.

providing insight into the other. The qualitative LM interview database provided the original understanding of the different factors influencing wealth mobility over the course of a twelve-year period. We identified and labeled thematic categories by conducting open coding (Strauss & Corbin, 1990), discovering emergent categories and naming them. We matched these categories with quantitative measures in the PSID, converting qualitative thematic categories into numeric thematic variables (Castro & Coe, 2007), and using proxies where we were unable to locate an equivalent variable. Drawing on our review of the literature, we developed regression models with variables representing these categories. The results of the quantitative analyses helped inform the magnitude and significance of the effect of different factors on wealth mobility over time.

The final analytic step in IMM analysis, termed "recontextualization," relates regression model results back to their original qualitative context (Morse, 1994). We used the quantitative results to identify the most illuminating case studies of families from the LM data set and which would deepen our understanding of the patterns visible in the PSID data. The strength of this fully integrated mixed methods approach is in its capacity to generate "deep structure" conclusions (Castro & Nieri, 2008) with greater explanatory power than either a qualitative or quantitative approach alone.

WEALTH MOBILITY OVER TWELVE YEARS

We conceptualize wealth mobility in two ways: wealth accumulation (absolute wealth mobility) and relative wealth mobility. In the PSID, wealth accumulation was measured as the change in wealth (with home equity) from 1999 to 2011. Relative wealth mobility was measured by assessing families' respective position in wealth quintiles for 1999 and 2011, where each family was assigned a value from one to five based on threshold values established in a frequency distribution. For more details on the measurement of all variables, please refer to Appendix A.

Over the 12-year study period, more than six in ten (62 percent)[3] of all families experienced positive absolute wealth mobility, accumulating $20,855 at the median ($158,991 at the mean). More white families were able to see their wealth grow (64 percent, versus 52 percent of black families), and overall wealth gains were significantly higher for white families ($41,850 at the median, $218,336 at the mean) than for black families ($600 at the median, $2,792 at the mean). For white families reporting positive absolute wealth mobility, their wealth grew by $483,788 at the median ($133,578 at the mean), compared to a median growth of $27,862 ($76,956 at the mean) for black families. For families who saw their wealth shrink, the losses were higher for white families ($64,320 at the median, $260,195 at the mean) compared to black families ($13,500 at the median, $78,120 at the mean).

Not accounting for the starting point (wealth quintile position in 1999), analyses show that close to half of the families (47 percent) did not change their relative wealth position between 1999 and 2011. This was true for 51 percent of white families, but only 38 percent of black families. Black families showed the highest percent of upward relative wealth mobility (35 percent, versus

[3] All descriptive results are weighted

24 percent for white families) but also a slightly higher degree of downward relative wealth mobility (27 percent, versus 25 percent for white families).

A closer look at the wealth quintile positioning of white and black families with children over the study period confirms what has been termed "stickiness" in prior research. As shown in Figures 1 and 2, seventy percent of white families maintained their status in the highest wealth quintile, in stark contrast to only 19 percent of black families who were able to remain in the highest wealth quintile. Fifty-nine percent of black families located in the highest wealth quintile in 1999 found themselves in the fourth quintile 12 years later. At the lower end of the relative wealth distribution, 49 percent of black families were stuck in the lowest wealth quintile, as compared to 38 percent of white families. Forty percent of black families in the lowest quintile in 1999 were able to move up to the fourth, or next lowest, quintile.

Figure 1: Relative Wealth Mobility for White Families with Children, 1999-2011

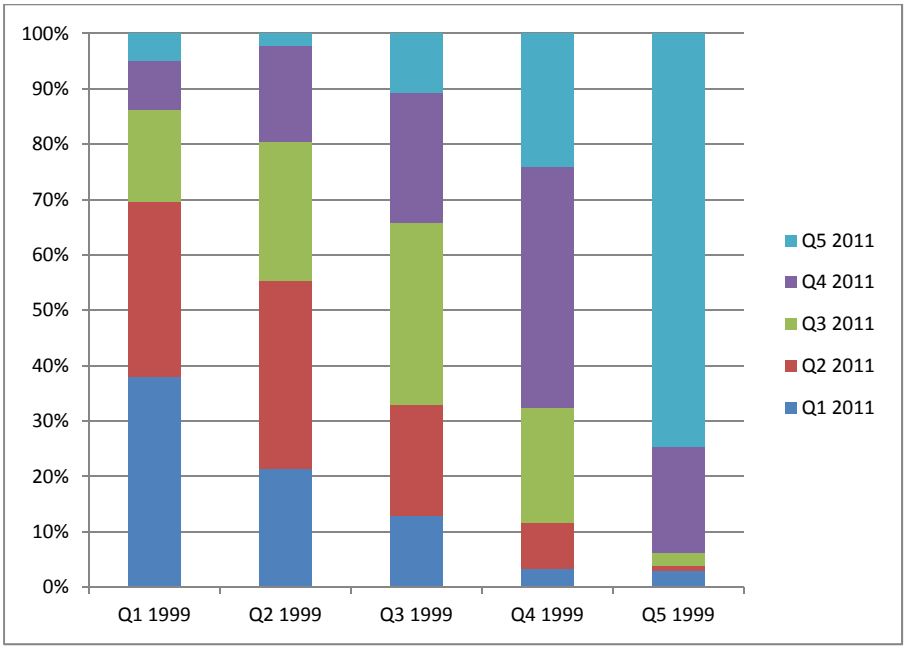
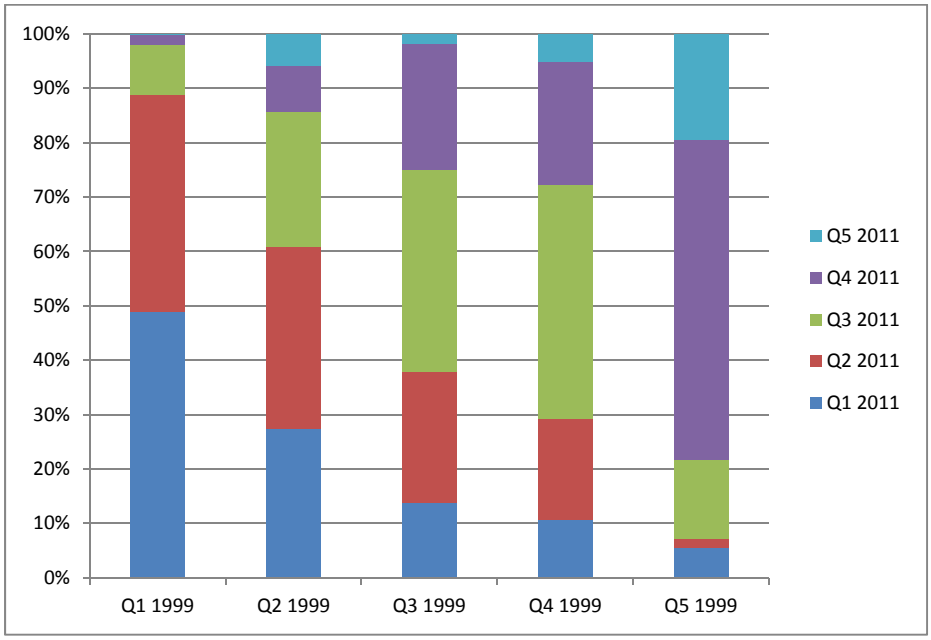


Figure 2: Relative Wealth Mobility for Black Families with Children, 1999-2011



Of those families who did not see a change in their relative wealth position, 70 percent were able to increase their wealth holdings (see Table 2 below). However, this was mostly true for white families. Only 43 percent of black families whose relative wealth position did not change were able to grow their wealth. With white families primarily remaining in the top qunitile and black families in the bottom quintile, those at the top were more able to move ahead and those stuck in the bottom were more likely to loose out.

Table 2: Comparison of Absolute and Relative Wealth Mobility (percent)

	Upward	No Change	Downward
All Families with Children in 1999			
absolute negative or no change	0.06	30	95
absolute positive change	99.94	70	5
White Families with Children in 1999			
absolute negative or no change	0	24	93
absolute positive change	100	76	7
Black Families with Children in 1999			
absolute negative or no change	0.32	57	96
absolute positive change	99.68	43	4

DEVELOPING A COMPREHENSIVE THEORY TO EXPLAIN WEALTH ACCUMULATION AND MOBILITY

The descriptive statistics presented in the previous section demonstrate that black families with children have gained significantly less wealth at the median than white families, are far more likely to see themselves stuck in lower wealth quintiles than white families, and have less upward mobility especially in the higher wealth quintiles. While these inequities have been reported for populations other than families raising children, the literature to date does not provide a comprehensive theoretical or empirical grounding for the factors influencing intra-generational wealth mobility. The goal of this mixed method analysis is to provide a basis for developing a more comprehensive theory of intra-generational wealth mobility. In addition to the variables outlined in the literature review, the following factors from the LM data analyses emerged as critical for families accumulating wealth and in some cases changing wealth quintile:

a. Employment characteristics
b. Neighborhood characteristics and Housing Wealth
c. Extended family wealth
d. Income negative life events, such as unemployment, onset of a disability, and loss of spouse
e. Cost and terms of debt

This section will review each of these key factors in depth, based on qualitative analysis of the LM data.

Employment Capital

LM interviews suggest that the characteristics of employment for earners in the family impacts family wealth mobility. Specifically, families that increased their wealth between 1998 and 2010 have at least one earner who has access to employment with the following characteristics:

- *Comprehensive set of wealth-building benefits:* matched defined contribution retirement accounts or traditional pensions (defined benefit plans); health insurance; education credits or investment; severance pay; disability insurance.
- *Flexible schedule*: workplace allowed flexibility in work schedule to accommodate the needs of raising children.
- *Consistent work:* uninterrupted work histories, particularly with the same employer.

These characteristics together meant that family earners were able to stay employed and with access to the set of wealth-building benefits that could increase their family assets. We call this "employment capital" (Thomas et al., 2014).

Access to employment capital differs by race. As highlighted by other research, black families are more vulnerable to disruptions in employment and continue to be concentrated in jobs with more restricted wealth-building channels which, in turn, undermine prospects for building wealth over the life course (Austin, Hamilton, & Jr., 2011; Thomas, Meschede, Chaganti, Atkinson, &

Shapiro, 2014; Henretta, 1984; McKernan, Ratcliffe, Steuerle, & Zhang, 2013; Shapiro, Meschede,& Osoro, 2013)

Web of Wealth

The web of wealth represents the extended network of wealth from family and friends that a family can draw on, such as money flowed into a family through gifts, inheritance, and direct payment of bills (Thomas et al., 2014). Interviews with LM families highlighted the important ways that the web of wealth influenced wealth mobility. Families with access to a well-resourced web of wealth were able to get help when they faced unemployment or another drop in income. They also received help in paying for children's educational costs, including private school, college, test prep, and camps. In some cases the web of wealth was a regular source of income that prevented downward wealth mobility, while for other families the web of wealth meant upward wealth mobility from a large infusion of cash in the form of inheritance or gifts.

When faced with a drop in or loss of income, families that did not have a well-resourced web of wealth were less able to protect their larger assets (such as a house or car), more likely to take their children out of private schools, and more likely to take on debt. These families had to spend more of their regular income on ever day expenditures and were less likely to build up as much wealth as savings or in the form of housing.

The key role of access to family financial networks for building wealth, and disparities by race, has been documented in previous research (McKernan et al., 2014; Chiteji & Hamilton, 2002; Menchik & Jianakoplos, 1997). While wealth transfers like inheritance are typically thought of as occurring at the time of the benefactors death, "head start assets," or inter-generational in-vivo transfers account for a large portion of the inter-generational wealth transfers a family receives (Kurz, 1982). Termed head start assets, such living transfers have the ability to lift families economically and socially beyond where their own achievements, jobs, and earnings would place them (Shapiro, 2004).

Negative Life Events

Negative life events such as unemployment, a downturn in health status, the onset of a disability, and the loss of a spouse have an impact on the overall wealth that a family accumulates over their lifetime. Wallace et al. (2010) found, for example, that these events diminished the annuitized net value of wealth accumulated by a family. They did not, however, study the longitudinal, inter-generational impact of these negative life events in subsequent wealth trajectories.

LM study data examine family financial trajectories longitudinally over a period of 12 years, and thus is capable of investigating the mechanisms through which negative life events impact wealth. Negative life events both decrease or eliminate income and create a change in life circumstances. Most families face negative life events at some point in their lives. But some face more than others. Black families are more likely to face a range of different negative life events, from unemployment to a health crisis (Weller & Fields, 2011; Kim & Lee, 2005).

Negative life events often mean that a family sees a reduction in income. To deal with the resulting economic duress, a family most often draws on saved financial assets to ease material

hardship (McKernan and Ratcliffe, 2009). We would expect that, after the conclusion of the negative life event, a family would go back to building wealth or persist at a new decreased level of wealth. But the LM data suggest that family financial assets are often not sufficient to manage the crisis and that families may be vulnerable to a spiral of continuously decreasing assets, especially where they have few assets to start with.

Neighborhoods and Housing Wealth

Where a family lives is important to how much wealth they are able to build. The critical manner in which the neighborhood allowed LM families to build wealth was through housing wealth gained through the home they owned. Housing wealth is determined by the economic trends in the neighborhood, with great fluctuation in home values between neighborhoods. For families that could access homeownership in neighborhoods with higher priced homes and stable home values, building wealth through their home was a real possibility. But purchasing a home in a neighborhood with more volatile and low or even declining housing prices was no guarantee of wealth building through homeownership. Race played a large role in which neighborhoods were stable and which neighborhoods had housing values that were either volatile or declining over time. Building wealth tended to be more likely in predominantly white neighborhoods, while black or Latino neighborhoods more often saw greater home value volatility or declines.

Other research has pointed to the importance of the neighborhood in the financial and social well-being of a family. For example, Sharkey (2014) showed how neighborhoods impact inter-generational patterns of social, economic and educational mobility. Growing up in a low-income, racially segregated neighborhood reduced a child's ability to build financial security, gain an education and accumulate assets over their own lifetime.

Debt

Debt negatively influences a family's capacity to save and sets them on the path toward downward wealth mobility. Families interviewed for the LM study had debts of many kinds: credit card debt, payday loans, mortgages, healthcare debt, student loan debt, and car loans. Critically, the cost of the debt appeared to determine whether a family was able to avoid losing wealth.

Vivian Arrora illustrates how important debt can be to a family's wealth mobility. If we had spoken to Vivian in 2006, we would have considered her a success story in building wealth. In 1998, she was a Section 8 renter in a low-income neighborhood in a city on the West Coast. She built up savings through the Family Self Sufficiency program and then enrolled in a first time homebuyer program, finally buying her first home. By 2005 she had acquired a new salaried job, and she had sold her first home and was in the process of buying a larger home in a suburb so that she could move out of the "ghetto." The new home was part of a large development and came with financing. Then her husband lost his job, and Vivian found herself having to pay the mortgage with her income alone. As she put it, "I was still able to pay it, but it was like I wasn't having no extra money left, and that's what caused me to use credit cards." She was finding it increasingly difficult to make the minimum payments on her credit cards, and could see that if she only paid the minimum payments it would take her 27 years to pay off the credit card debt she now owed. Instead of continuing to build wealth, Vivian was at risk of defaulting both on her credit cards and her mortgage. Fortunately, she was able to get a loan modification to reduce her

interest rate, and she was working with a credit counselor to consolidate her credit card payments. Vivian's use of credit cards to make ends meet left her with $7,000 in expensive debt when she was only able to afford the minimum payments. Instead of stabilizing her family during her husband's unemployment, it was actually making things worse because the cost of the credit was so high. A helpful loan modification program through her credit union and a credit counselor was helping to reduce the interest terms of her debt and bringing more financial stability. Thus, the cost and terms of debt can be as important as the amount of the debt in determining whether a family stabilizes in crisis or spirals out of control into a downward wealth trajectory.

MULTIVARIATE ANALYSES

Following our IMM strategy, analysis of the LM data (as outlined in the previous section) drove our consideration of variables to include in regression models to explore the determinants of wealth mobility. Using the five key factors from the LM study, we identified PSID proxy variables to measure each of these domains. Except for debt, we included proxies for the following four factors in our preliminary analyses:

- Extended family wealth, or the "Web of Wealth"
- Neighborhood and housing wealth
- Employer characteristics, or "Employment Capital"
- Negative life events

In addition to proxy measures for each of these key factors, we include race as a major variable of interest and and control variables for demographic characteristics in the regression models.

Multivariate regression analyses were conducted in three ways:

1. Logistic regression, predicting positive absolute wealth growth from 1999 to 2011.
2. Ordinary least square regression, predicting the extent of wealth growth for those accumulating wealth from 1999 to 2011.
3. Multi-nominal regression, predicting relative upward, no, or downward wealth mobility from 1999 to 2011.

Our empirical models can be summarized in the following equation:

$$\Delta\, Wealth = \beta_0 + \beta_1(Demographics) + \beta_2(Race) + \beta_3(Employment) + \beta_4(Financial) + \beta_5(NegativeLifeEvents) + \beta_6(Neighborhood) + \varepsilon$$

Change in wealth ($\Delta\, Wealth$) is measured in absolute (change in wealth holdings from 1999 to 2011) and relative (change in wealth quintile from 1999 to 2011) terms. Predictor variables include:

- *Demographics*: age of family head in 1999; education of head in 1999; marital status in 1999

- *Race* of family head
- *Employment Characteristics*: change in family income 1999-2011; occupation of family head in 1999
- *Financial Factors*: total family financial transfers 1999-2011; home ownership in all years 1999-2011
- *Negative Live Events*: loss of spouse after 1999; onset of new disability of head or wife after 1999; any unemployment of head or wife 1999-2011
- *Neighborhood*: percent below poverty among residents in neighborhood in 2000

Based on the review of the literature and our qualitative analyses, we expect that wealth accumulation and relative wealth mobility among families raising children from 1999 to 2011 will have a positive relationship with income, white-collar occupation, financial transfers received, and home ownership, and a negative relationship with black race, negative life events, and neighborhood poverty.[4]

DETERMINANTS OF WEALTH MOBILITY

Multivariate Model Set 1: What variables predict whether a family sees their wealth increase?
Table 3 presents the results of stepwise logistic regression to examine the differences in significance resulting from adding new variables and indicators of overall model fit. In the complete model (M 5), only the demographic controls, black race, white collar occupation in 1999, and neighborhood poverty did not significantly predict absolute upward wealth mobility. Black race was until financial factors were added to the model. As predicted, growth in income, the amount of financial transfers received over the study period, and homeownership in all years predict higher likelihood of wealth growth, whereas the experience of any negative life events - health, unemployment, or loss of spouse - all predict lower likelihood of growing wealth.

[4] We tested the need to use multilevel modeling, due to combining family and neighborhood characteristics. Estimates for the Interclass Correlation Coefficient (Chi square on the group level variance) were lower than .05 and indicate no need for multilevel modeling. In addition, examination of the geographic distribution of families shows that there is little overlap among families residing in the same neighborhood.

Table 3: Multivariate logistic regression model predicting likelihood of wealth growth 1999-2011

	Odds Ratio (M1)	Odds Ratio (M2)	Odds Ratio (M3)	Odds Ratio (M4)	Odds Ratio (M5)
Demographics					
Age in 1999 (head)	1.00	1.00	0.99	0.99	0.99
Married in 1999 (head)	1.40***	1.36**	1.11	1.30*	1.26
Education in 1999 (head)	1.29**	1.15	1.07	1.04	1.00
Race					
Black (head)	0.74***	0.76*	0.86	0.87	.90
Employment					
Income change 1998-2010		1.00***	1.00***	1.00***	1.00***
White-collar occupation in 1999 (head)		1.27*	1.19	1.15	1.11
Financial Factors					
Inheritance 1999-2011			1.00***	1.00***	1.00***
Homeowner 1999-2011			1.89***	1.68***	1.67***
Negative life events					
Onset of new disability (head, wife)				0.73***	0.73***
Unemployment (head, wife)				0.78**	0.79*
Loss of spouse				0.51***	0.50***
Neighborhood					
Poverty in 2000					0.44
Pseudo R2	0.017	0.029	.049	0.059	0.061
N	1969	1963	1963	1963	1942

* p<05; **p<.001; ***p<.001

Multivariate Model Set 2: What predicts the magnitude of wealth growth for families with wealth accumulation?

Multivariate linear regressions were conducted to predict the extent of wealth accumulation just for families who were able to grow their family wealth between 1999 and 2011, using the same predictor variables as in the first set of models (see Table 4). The outcome measure, wealth with home equity, was transformed to its natural log. In the complete model (M5) only loss of spouse and black race of head did not independently predict the extent of wealth growth, albeit the race variable is very close to significance (p=.058). Estimates for all other variables were in the expected direction. Older, married, more educated and those with higher upward income mobility and in white collar professions experienced higher wealth growth. In addition, a large financial gift and homeownership pre-1999and in all the years of the study period added to the amount of wealth accumulation. By contrast, negative life events such as the onset of a disability and facing a period of unemployment predicted lower wealth growth. Finally, neighborhood poverty had an independent impact on predicting lower wealth growth.

Black race had an independent negative effect on the amount of wealth accumulated; however, it was no longer significant when neighborhood poverty was added to the model.

Table 4: Multivariate linear regression model predicting extent of wealth growth 1999-2011

	Odds Ratio (M1)	Odds Ratio (M2)	Odds Ratio (M3)	Odds Ratio (M4)	Odds Ratio (M5)
Demographics					
Age (head)	0.03***	0.04***	0.02***	0.03***	0.02**
Married in 1999	1.00***	0.94***	0.71***	0.74***	0.64***
Education (head) in 1999	1.25***	0.93***	0.93***	0.77***	0.67***
Race					
Black (head)	-0.57***	-0.49***	-0.37**	-0.38**	-0.26
Employment					
Income change 1998-2010		0.00***	0.00***	0.00***	0.00***
White-collar occupation in 1999 (head)		0.59***	0.51***	0.51***	0.42***
Financial Factors					
Inheritance 1999-2011			0.00***	0.00***	0.00***
Homeowner 1999-2011			0.59***	0.53***	0.47***
Negative Life Events					
Disability onset after 1999 (head, wife)				-0.27*	-0.28*
Unemployment 1999-2011 (head, wife)				-0.49***	-0.45***
Loss of spouse after 1999 (head)				-0.06	-0.02
Neighborhood					
Poverty in 2000					-2.90***
Adjusted R2	0.25	0.28	.32	0.34	0.35
N	1017	1016	1016	1016	1003

* p<05; **p<.001; ***p<.001

Multivariate Model Set 3: What are the variables that predict whether a family moved up or down relative to the other families?

The last regression model in this paper (Table 5) addressed the likelihood of upward or downward relative wealth mobility compared with no relative mobility. Analyses were conducted using multi-nominal regression with the same predictor variables as in the above models. Older family heads, and those experiencing the onset of a disability were significantly less likely to experience relative upward mobility when compared to those who stayed in place. Black families, families who experienced the loss of a spouse or the onset of a disability were more likely to experience downward wealth mobility than those who did not change their relative wealth position. Families with upward income mobility, receiving a large financial gift and who owned their home throughout the entire study period were less likely to be move down the wealth ladder. Finally, the extent of poverty experienced in the neighborhood contributed to downward wealth mobility.

Table 5: Multi-nominal regression model predicting likelihood of relative wealth mobility 1999-2011

	Upward Mobility (risk ratio)	**No Mobility** (base outcome)	**Downward Mobility** (risk ratio)
Demographics			
Age in 1999 (head)	0.96***		0.99
Married in 1999 (head)	0.94		1.34
Education in 1999 (head)	1.01		1.18
Race			
Black (head)	1.19		1.31*
Employment			
Income change 1998-2010	1.00		.99***
White-collar occupation in 1999 (head)	0.85		0.81
Financial Factors			
Inheritance 1999-2011	1.00		.99**
Homeowner 1999-2011	0.78		0.67***
Negative Life Events			
Disability onset after 1999 (head, wife)	0.78*		1.30*
Unemployment 1999-2011 (head, wife)	1.00		1.14
Loss of spouse after 1999 (head)	1.07		1.90***
Neighborhood			
Poverty in 2000	0.69		0.27*
Pseudo R2	.032		
N	1942		

* p<05; **p<.001; ***p<.001

RECONTEXTUALIZATION

Families raising children in the first decade of 21st century, a period marked by two major recessions and increasing child rearing expenses, were able to grow their absolute wealth by $20,855 on average. However, not all families were able to follow this trend. More black families lost wealth, and those who were able to build wealth, added only $600 at the median, as compared to $41,850 for white families. Relative to other families with children, black families remained stuck in the lowest wealth quintile while white families grew their position as top wealth holders. These trends will have lasting impacts on the children raised in these families (Keister 2007, Sharkey 2014).

Multivariate analyses highlight the factors that contribute to these trends. Increases in income and extended family wealth transfers, along with long-term and consistent homeownership significantly increased the likelihood that a family would see their wealth increase in absolute and relative terms. Other research demonstrates that black families are less likely to receive financial transfers from extended family members and when they do the amounts are less (Thomas et al, 2014). They are also less likely to own homes (McKernan et al., 2013).

Unforeseen, negative life events significantly increased the likelihood that a family would see their wealth decrease and research suggests they are more likely to experience negative life events such as unemployment and health events (Weller and Fields, 2011; Kim and Lee, 2005).

Where a family lives has a statistically significant and large impact on the wealth accumulation and mobility of a family, mirroring the findings of scholars looking at the relationship between neighborhood and inter-generational wealth mobility. Poor neighborhoods reduce the wealth that a family will accumulate and hampering intra-generational wealth mobility.

In the following section we weave together in greater detail the findings from the regression analyses with data from the IASP Leveraging Mobility interviews. This analytic process enables us to better understand the mechanisms at play as well as how the intersection of factors we tested independently from each other impacts positive or negative wealth accumulation (absolute wealth mobility) and relative wealth mobility, as they relate to the regression variables and results.

Employment Capital

Sharisse Perkins had a job where she had short-term disability that replaced lost income. When she was diagnosed with cancer "Luckily, I had this big illness but I could take a short-term disability and get my full paycheck, just a huge benefit. But if I didn't have this job, and I got sick… you know, it's like you always just worry like one little thing could happen and you would be in deep trouble."

While income is among the most consistent and largest correlates of wealth building, as Sharisse Perkins' story illustrates, the quality of employment, what we call "employment capital," is also critical. Often associated with occupations that white workers are over-represented in, these positions include a benefits package that protects against negative life events (health insurance, disability insurance, dental insurance, and severance pay), help building wealth (retirement accounts), and work flexibility that allows workers to remain employed as they move through the life course (Rank, 2007). It is not surprising then to find working in a white collar occupation of the family head in 1999, our proxy for employment capital, as a significant predictor of the magnitude of wealth that a family will accumulate. However, white collar occupational status is correlated with income, thus it does not explain wealth mobility by itself.

The world of work is increasingly divided into two tiers – one with access to employment capital, often but not always, tied with higher incomes, and the other a world of temporary and part time work with limited employment capital.

Sharisse Perkins' story points to the importance of employment capital. Families in the interview data whose adults worked for employers with good benefits packages such as health insurance, matched retirement plans and severance pay, coupled with consistent employment histories, found themselves building wealth through their employers. Nancy Bzdell mentioned how a former employer had paid 9% match to 5% employee retirement contributions. She said about the employer "…it prides itself in an extremely obnoxious materialistic way on having the best benefits package of any nonprofit in [the area]. And they manage to retain people because …you can't do better. Their salary range is really quite low but their benefit package is amazing." She and her partner had managed to build up $200,000 or more in retirement savings.

Extended Family Wealth

The regression analyses underscore the importance of extended family wealth for upward wealth mobility and the magnitude of that wealth increase. While extended family wealth does not statistically significantly increase the likelihood that a family with children will move up at least one wealth quintile, it does reduce the likelihood that a family will move down a wealth quintile or more, all other factors held constant. This indicates that extended family wealth has a protective influence on the relative wealth position of families within the stratification system.

Indeed, the LM interview data provide insight as to how these types of financial transfers operate. For many families we spoke to, extended family wealth benefited them in two ways. First, it stopped wealth loss or downward wealth mobility by preventing families from having to spend down as much of their own assets when they faced a negative life event such as unemployment, divorce, or a health event. Secondly, financial support from parents or aunts and uncles helped families buy their first house, pay for private schools or college for their children, and put away savings for their children's or their own futures. Due to low wealth family networks, black families rarely benefit from financial transfers, and if they do receive them, they tend to be of lower value (Shapiro, Meschede, & Osoro, 2014; Thomas, Meschede, et al., 2014). In addition, middle- and upper-income blacks are more likely to provide informal financial assistance to relatives than their white counterparts (O'Brien, 2012; Chiteji & Hamilton, 2002; Heflin and Pattillo, 2002).

The example of the Bzdells showcased the impact of receiving a large inheritance, which shifted their financial status and ensured that a health event did not become a financially derailing event. Nancy and Susan were in the process of moving to a rural town with their daughter, when Nancy's mother suddenly died. She left Nancy $1.2 million, including $1 million in stocks, allowing them to purchase their new home outright and providing $40,000 a year in income from the stock portfolio. Susan was able to find a part-time job that paid only $20,000. When Nancy became unable to work, they were financially secure, not needing to worry about lost income. Nancy says, "So we have this cushion now that's more like … twelve mattresses piled on top of each other."

Homeownership

Christine and Langston Mellon and their daughter Marjorie lived in an up and coming neighborhood that was showing fast housing value appreciation. Prompted by increasing debt from managing their rental property, the sale of Christine and Langston Mellon's house set them up with "…a cushion." They hadn't had savings before "Because we really were living at that point, we were really living hand to mouth. I mean, paycheck to paycheck, or job to job for my husband. We really had exhausted our savings." Shortly after selling the house, they found themselves facing two major financial negative life events at the same time. Christine was diagnosed with breast cancer and Langston left his job. Luckily they had recently sold their house, netting $387,000, some of which they put into retirement accounts and some into their liquid savings accounts. As a result of being unable to work, they depleted half of their savings while they kept their daughter at a local private school.

As suggested by the story of Christine and Langston, homeownership can have a protective effect on whether a family experiences relative downward wealth mobility and increase the

likelihood of building wealth and how much wealth is built. The regression models suggest that owning a house consistently between 1999 and 2011 – a measure of long-term homeownership - increases the likelihood of increasing family wealth between 1999 and 2011, and increases the amount of wealth built by as much as one and a half times. It also has a protective effect on wealth mobility, significantly reducing the likelihood that a family with children experiences downward relative mobility.

Access to homeownership is unevenly distributed by race. Not only do blacks purchase their home later in life, thus unable to start building wealth earlier (Joint Center for Housing Studies, 2009), but they were also more likely to lose their home during the Great Recession, largely impacting their ability to grow wealth. With only 39 percent black families in the LM study owning a home in 1999, the typical path for white families to build wealth home equity and thereby increase their family's wealth is not available for the typical black family.

Negative Life Events

Negative life events were found consistently to predict lower wealth mobility on all the tested models, independent of all other variables. The LM interview data highlight how this happens in divorce, declining health, and unemployment.

As well as diverting some wealth to lawyers, divorce splits a family's finances, making each new family more economically fragile and in some cases resulting in downward wealth mobility. Toni Brown, a mother of two living in a Midwest city saw her wealth plummet into negative territory after her husband left abruptly in 2006. Forced into the workplace by the divorce, Toni was driving a bus part-time and cleaning houses at the time of the second interview. In addition to this income, her father moved in to help make ends meet.

Bethanie Barrows, another divorcee with two kids, summarized the financial problem from divorce that leads to slower asset accumulation rates as she talked about what would make her feel more economically secure:

> Bethanie: *If I had the savings that I had before. Like I was very, very good at saving money. Like this amount would go away to savings every week and I can't even afford to do that anymore, you know, so…*
> Interviewer: *What changed?*
> Bethanie: *Well, my marriage changed…*

Poor health and disability impact family wealth accumulation in a variety of ways. Affected workers may be unable to work and find themselves with a reduced income. Despite health insurance, health costs accrue; in some states, if a worker has to access long-term government disability programs, then assets must be spent down before being able to qualify.

Julie Powell, a 60-year-old woman living in the suburbs of a Midwest town, raised her two adopted sons on her own. Diagnosed with MS, she was able to work as a certified public accountant for over ten years, but in 2007 she had to stop working and began receiving disability payments (SSI), resulting in a significantly diminished income. She described spending down her assets to pay for health insurance for herself and her children, and taking on debt to cover

significant out of pocket medication costs. She had hoped to be able to work until her children finished college, but her illness made that impossible. Keister's (2007) research on the impact of lower wealth status during childhood suggests that Julie's kids may have a higher risk of accumulating less wealth in their adulthood as a result of the financial impact from their mother's illness.

Unemployment was a frequent negative life event that families in the LM data experienced. In some cases it led to the total loss of all wealth. The Barzaks were one such family. Both Richard and Keta lost their jobs due to the Recession and were unable to make their mortgage payments. They managed to sell their condo in a short sale and split up their family to move in with relatives. Their two daughters and Keta lived with a cousin, and Richard lived with another relative. Their family assets plummeted from nearly $20,000 in 1998 when they were starting out their lives together to $-60,000 in 2010 after they had lost their condo. Richard reflects "We're one step above poverty. But we are one step above."

Neighborhood

Where a family lives has a significant impact on whether they see their wealth increase or decrease and their wealth status relative to other families. While the poverty rate of a neighborhood in which a family with children finds itself located does not significantly predict whether that family will experience upward or downward absolute wealth mobility, it does influence the size of the growth of wealth for families that are upwardly mobile. Families in neighborhoods that are poorer experience less wealth growth than those that are in wealthier neighborhoods.

Higher poverty rates among neighbors relate to lower home values. The contrast between the Mellons and the Andrews families highlights this finding. As noted above, the Mellons home increased by more than double the amount that the Andrews' home did to a total of over $600,000 when they sold the house just before the housing crash. Judith and Steven Andrews are an African American couple who bought their home in the late 1970s for $1,500. By 2010, the property had appreciated to $170,000. While both families saw significant percentage increases in their property value, the absolute amounts resulted in great differences in how much housing equity added to each family's overall wealth in 2010.

Black Wealth Mobility

As this work and prior research shows, wealth accumulation and upward wealth mobility occurs more often for white families than for black families. While the regression analyses only found black race as an independent significant predictor of downward relative wealth mobility in the full model, there is evidence in some of the tested models, that blacks have a consistent disadvantage in growing wealth. Some of the lack of significance can be explained by the correlations of black race with other independent variables, for example living in a neighborhood with high poverty rates (Massey and Denton, 1993; Sharkey, 2014; Thomas et al, 2014).

LIMITATIONS AND NEXT STEPS

While a mixed method approach addresses shortcomings of either one approach alone, there remain shortcomings in this study. Some limitations in our analyses chiefly relate to the proxies that we use for measuring the different wealth mobility predictor domains of interest.

Financial Transfers

In the analyses presented above, the measure for receiving financial transfers focuses on family gifts and inheritances greater than $10,000. The LM study, however, points to the importance that smaller gifts can play in protecting a family from downward wealth mobility. Despite these problems with the proxy used in this model, both the qualitative and quantitative data support each other, pointing to the critical role that extended family wealth plays in providing upward absolute wealth mobility (accruing wealth over the life course) and in protecting a family from sliding down the wealth ladder. In addition, parental wealth and wealth of immediate family members, such as siblings, are important variables to study to better understand the difference in white and black wealth mobility (Chiteji & Hamilton, 2005). Subsequent analyses will expand the current model to account for these variables.

Employment Capital

The proxy for employment capital – occupation – does not provide enough granularity for our analysis. We tested the use of some proxies, for example access to employer pension, which did not show any significant impact on wealth mobility. We will continue to test additional variables that may better measure what we mean by employment capital to the extent possible.

Negative Life Events

The LM data point to some families experiencing multiple financial negative life events at one time or within close proximity. We plan to refine the models to include an analysis of how impactful multiple negative life events are when a family experiences more than one during a 10-year period.

Interactions between Neighborhood, Race and, Homeownership

We plan to analyze in greater detail the relationship between neighborhood, race, and homeownership. A subsequent model will test interaction variables between homeownership, race, and neighborhood to specifically see whether homeownership has the same benefits for white families as it does for black families.

CONCLUSIONS

This paper provides a first step towards developing a more contemporary and comprehensive theory of intra-generational wealth mobility and wealth accumulation, beginning to explain why wealth mobility patterns persist. While wealth mobility is still within reach for families, for too many lower-resourced and black families, the American Dream of "rags to riches" remains unattainable. As in prior research, the data for families raising children point towards an entrenched set of families who remain in the top tier of the wealth distribution despite the challenges presented by two recessions coupled with the costs of raising children.

The preliminary results reported in this paper suggest that there are key policy areas that impact wealth accumulation and wealth mobility. These include: (1) employment characteristics; (2) a family's access to extended family wealth; (3) unforeseen negative life events; (4) consistent and stable homeownership; and (5) the characteristics of neighborhoods in which families live. A comprehensive "American Dream" policy platform would address each of these areas and find ways to level the playing field so that all families can have the opportunity to accumulate wealth that will provide them and their children with financial well-being, as well as be rewarded for hard work in moving up the wealth distribution.

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APPENDIX: Measurement of Regression Variables

Definitions of Dependent Variables	
Variable	**Description**
Absolute Wealth Mobility	
Wealth with home equity, absolute change 1999-2011	Change in dollar value of wealth with home equity from 1999 (inflation adjusted to 2011 dollars) to 2011.
Wealth with home equity, change 1999-2011 (dummy)	Equals 1 if change in dollar value of wealth with home equity from 1999 (inflation adjusted to 2011 dollars) to 2011 is positive; 0 otherwise (including negative or no change).
Relative Wealth Mobility	
Wealth with home equity quintile, in 1999	Value of 1-5 assigned to each family based on frequency distribution of wealth with home equity for PSID families with children in 1999, where Quintile 1 equals -$196,500 to $1,600, Quintile 2 equals $1,601 to $17,500, Quintile 3 equals $17,501 to $52,000, Quintile 4 equals $52,001 to $149,200, and Quintile 5 equals $149,201 and above.
Wealth with home equity quintile, in 2011	Value of 1-5 assigned to each family based on frequency distribution of wealth with home equity for PSID families with children in 2011, where Quintile 1 equals -$990,023 to $980, Quintile 2 equals $981 to $34,960, Quintile 3 equals $34,961 to $110,000, Quintile 4 equals $110,001 to $324,600, and Quintile 5 equals $324,601 and above.
Wealth with home equity, relative mobility 1999-2011	Value of 1-3 assigned to each family, indicating upward, downward, or no change in wealth quintile from 1999 to 2011.

Source: 1999-2011 Panel Study on Income Dynamics.

Definitions of Family-Level Independent Variables	
Variable	**Description**
Controls	
Race, head, in 1999 (dummy)	Equals 1 if family head's race is black in 1999; 0 otherwise.
Age, head, in 1999	Age in years of the family's head in 1999.
Education, head, in 1999 (dummy)	Equals 1 if family head's education is equal to 12 years or more in 1999; 0 otherwise. 12 years or more of education is equivalent to completing high school or above.
Married, head, in	Equals 1 if family head is married in 1999; 0 for all other marital status

1999 (dummy)	responses (includes never married, widowed, divorced or annulled, separated).
Financial Factors	
Homeowner, all years 1999-2011 (dummy)	Equals 1 if family owns home in all years from 1999 to 2011; 0 otherwise.
Financial transfers, total 1999-2011	Total dollar value of large gifts or inheritances of money or property (worth $10,000 or more) received from 1999 to 2011.
Employment	
Income, absolute change 1998-2010	Change in dollar value of total family money income from 1998 (inflation adjusted to 2010 dollars) to 2010.
White collar occupation, head, in 1999 (dummy)	Equals 1 if family head reports a main occupation in 1999 in the categories of "Professional, Technical, and Kindred Workers" or "Managers and Administrators, except Farm;" 0 for all other occupation responses, including not working for money now.
Negative life events	
Disability change, head or wife, after 1999 (dummy)	Equals 1 if family head or wife reports no physical or nervous conditions that limit type or amount of work in 1999, and yes any year after baseline (from 2001 to 2011); 0 otherwise.
Unemployment, head or wife, any year 1999-2011 (dummy)	Equals 1 if family head or wife reports unemployment in any year from 1999 to 2011; 0 otherwise, including those not working for money now.
Loss of spouse, head, after 1999 (dummy)	Equals 1 if family head is married in 1999, and reports any other marital status (including never married, widowed, divorced or annulled, or separated) after baseline (from 2001 to 2011); 0 otherwise.

Source: 1999-2011 Panel Study on Income Dynamics.

Definitions of Neighborhood-Level Independent Variables	
Variable	**Description**
Neighborhood	
Poverty	Percentage of families with incomes below the poverty level in census tract. Derived from Census 2000 SF3 table P90.

Source: 2000 Decennial Census, Summary File 3.