

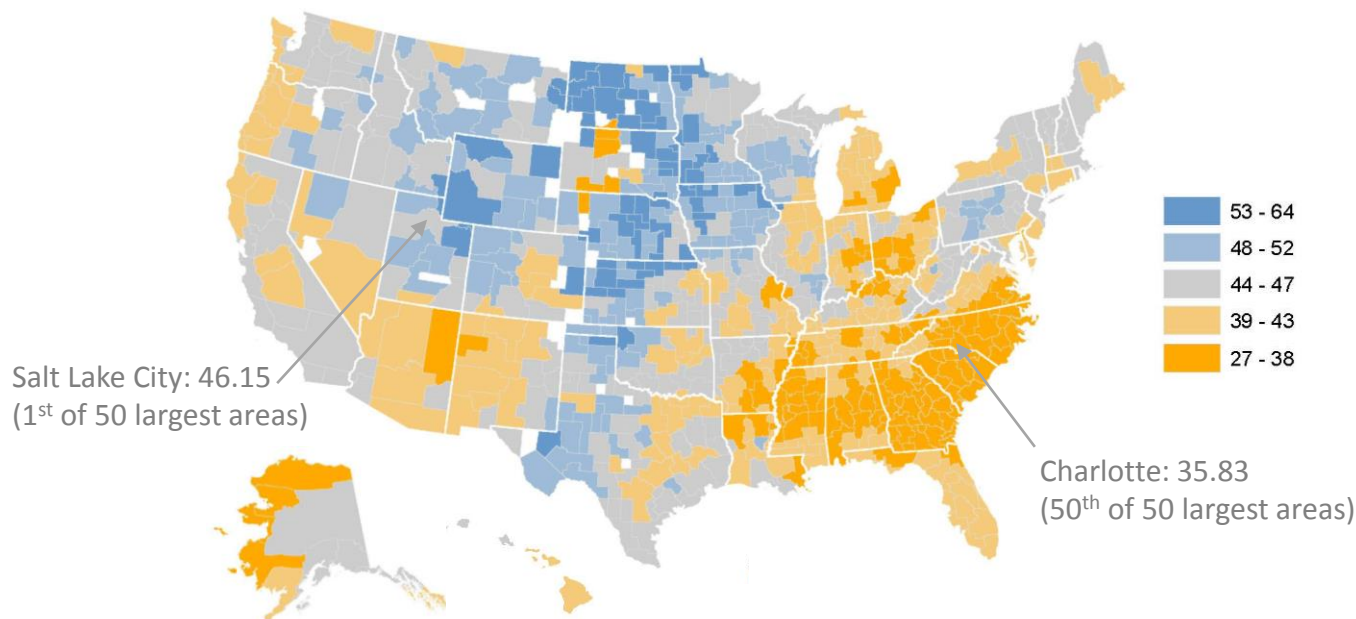
# Economic Opportunity: A Charlotte-Mecklenburg Perspective

Recent research from Harvard and UC-Berkeley showed for the first time that the place in which children grow up can impact their chances of moving up the economic ladder.<sup>1</sup> By matching tax records of children born between 1980 and 1982 with their parents, this study compared a child's income rank at age 30 with that of their parents and determined whether children in an area were, on average, faring better or worse than their parents and by how much.

## Average progress from 25<sup>th</sup> percentile

The study focused on children raised in a family with an income of around \$30,000 (the 25<sup>th</sup> percentile of the income distribution) and measured the average income percentile of those children at age 30. The higher the percentile, the further the children in that area moved up the income ladder. Out of the 50 largest urban areas, Salt Lake City appeared atop the list and Charlotte<sup>2</sup> ranked at the very bottom. On average, children who grew up in families at the 25<sup>th</sup> percentile in Charlotte rose to about the 36<sup>th</sup> percentile, while those in Salt Lake City rose to the 46<sup>th</sup>.

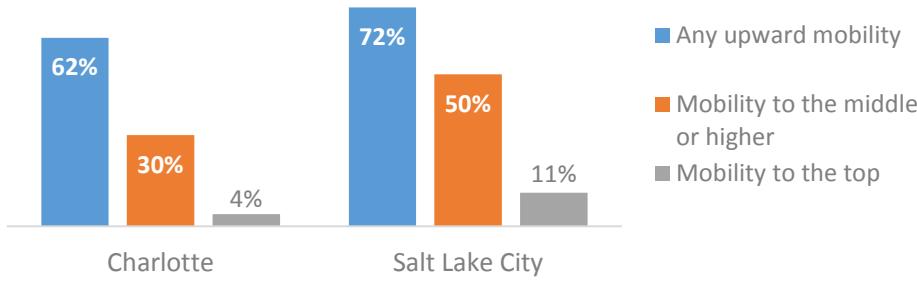
Average income percentile of children whose parents were in the 25<sup>th</sup> percentile



## Chances of moving up from the bottom

A second metric focused on children raised in families in the bottom fifth of the income distribution (with incomes between \$1,700 and \$25,000) and measured the percentage of those children that rose out of the bottom fifth, that made it to the middle (or beyond), and to the very top fifth. While more than 60 percent of children starting at the bottom in Charlotte moved up by age 30, only 30 percent made it to the middle and only 4 percent to the top.

Percent who moved up from the bottom of the income ladder



## Community characteristics

Not only did this study unearth substantial variation in economic mobility across the U.S., it also explored what factors drive this variation by correlating different characteristics of communities with the spatial variation in mobility.

After testing more than 30 characteristics, the researchers identified five primary factors, which when combined, had the strongest relationship with upward mobility: segregation, family structure, school quality, inequality, and social capital.

Prepared by: UNC Charlotte Urban Institute  
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1. Chetty, Raj et al. 2014. "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." *Quarterly Journal of Economics*, 129(4): 1553-1623.

2. Defined as the commuting zone, which has 9 counties: Anson, Cabarrus, Mecklenburg, Rowan, Stanly, and Union in North Carolina and Chester, Lancaster, and York in South Carolina.

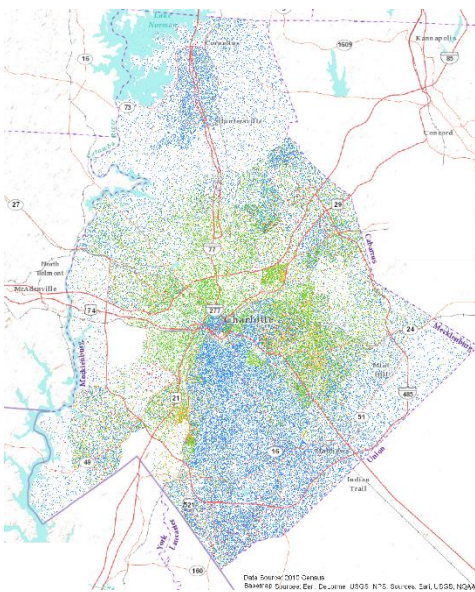
# Community characteristics related to upward economic mobility

What characteristics of a community were found to have the greatest combined effect on upward economic mobility, and what do these characteristics look like in Mecklenburg County?

## Race and segregation

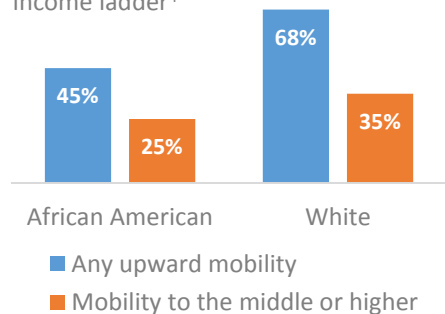
Areas with larger African American populations have lower upward mobility for children of all races. These areas also tend to be more segregated by race and income. Areas with more separation between where people live and work also have lower rates of upward mobility.

**Population by race/ethnicity<sup>3</sup>**  
1 dot = 10 people of a race/ethnicity  
**White, African American, Hispanic, Asian**



Nationally, low-income African Americans have lower rates of upward mobility than those who are White.

Percent of Americans who moved up from the bottom of the income ladder<sup>4</sup>

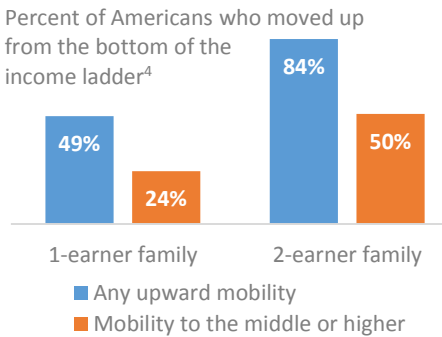


## Family structure

Areas with higher shares of single mothers have lower rates of upward mobility, even among children in 2-parent households. In Mecklenburg County, the number and share of single-parent families are growing.

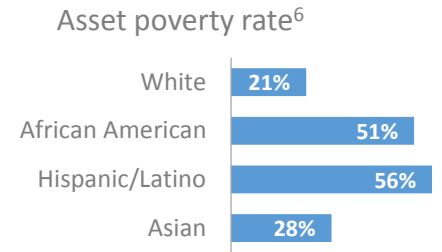
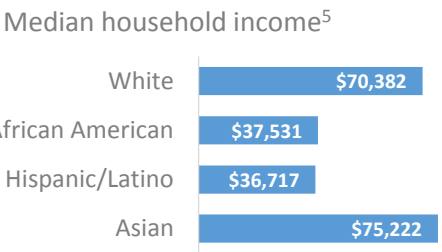
As of 2013:<sup>5</sup>  
**47,000** Single-parent families, up from 30,000 in 2000  
**38%** of all families with kids, up from 31% in 2000

Nationally, single-earner families have lower rates of upward mobility than dual-earner families.



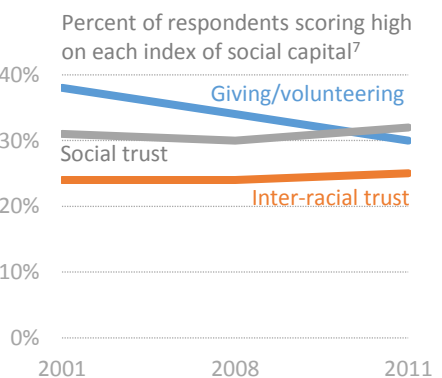
## Income inequality

Areas with greater income inequality have lower rates of upward mobility. In Mecklenburg County there are substantial differences in income and wealth across racial/ethnic groups.



## Social capital

Areas with stronger social capital have higher rates of upward mobility. Surveys have shown lower levels of several aspects of social capital in Mecklenburg County.



## School quality

Areas with smaller class sizes, higher test scores, and lower dropout rates have higher rates of mobility. Charlotte-Mecklenburg Schools compares well to the state and other large urban districts, but there are significant differences across schools and demographic groups.

In 2013-14:<sup>8</sup>  
**62%** CMS 3<sup>rd</sup> grade reading proficiency, just above state average (60%)

**46%** Rate for economically disadvantaged students

3. 2010 Census; 4. The Pew Charitable Trusts, 2013; 5. 2013 American Community Survey 1-year estimates; 6. Corporation for Enterprise Development's Asset and Opportunity Profile, 2012. A household is asset poor if it has insufficient net worth to subsist at the federal poverty level for 3 months with no income; 7. 2001 Social Capital Community Benchmark Survey, Crossroads Charlotte 2008 and 2011 Social Capital Surveys; 8. North Carolina Department of Instruction, 2013-14.