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Income Mobility through Education in the United States

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Poster Presentation P23

**INCOME MOBILITY THROUGH EDUCATION
IN THE UNITED STATES**

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This study makes use of the National Longitudinal Survey of Youth (NLSY) in order to examine the relationship between experiencing poverty as a youth and income as an adult. Human capital theory, as well as previous empirical research suggests that as standard of living as a youth increases, future income as an adult should increase as well. This paper attempts to study this effect through both direct and indirect pathways. The indirect pathway that we are interested in is education. We measure this indirect pathway by multiplying the effect on income of having a certain degree by the effect of being in poverty on the likelihood one obtains that degree. Our results show that those who grew up in poverty are less likely to achieve a higher degree. This in turn affects these impoverished youths' ability to obtain higher wages as adults, perpetuating a cycle of poverty.