

Economic Security and Mobility: Reviving the American Dream

Economic mobility is [significantly and increasingly influenced](#) by parental economic class and has been [falling](#) in all 50 states and across all income levels. The largest declines have been experienced by the shrinking middle class. Understanding this empirical fact is essential to addressing its more obvious consequences, which include food and housing insecurity and troubling trends in physical and mental health.

When people's basic needs are consistently and reliability met, they are in a better position to pursue economic mobility, that is [individual](#) or [intergenerational](#) movement from one income bracket to another. Conversely, people experiencing [economic insecurity](#) are held back by not having the means to cover the basic costs of food, shelter, medical care, transportation and more. This policy snapshot summarizes drivers of [economic mobility](#) and offers strategies for state lawmakers to revive the "American Dream."

5 Things to Know About Economic Security and Mobility

- 1** **Intergenerational economic upward mobility has [declined](#) since the 1940s and is now largely unattainable for many low-income families.** This downward trend is attributed to decreased economic growth and disparate distribution of that growth across economic classes.
- 2** **Declining economic mobility hits some demographics harder than others.** Both [geography](#) and [race](#) impact the ability of those living in poverty to achieve upward mobility.
- 3** **Decline in economic mobility is influenced by [multiple factors](#),** including household income, education and training, employment opportunities, neighborhood and social capital.
- 4** **Factors associated with downward or stagnant economic mobility are linked to high rates of [toxic stress](#).** Children living in poverty are more likely to have prolonged exposure to significant traumatic events resulting in negative health and well-being [outcomes](#).
- 5** **Upward economic mobility generally requires a solid financial footing from which to build.** This footing begins with ensuring households have enough financial cushion to meet unexpected costs.

5 Options to Increase Economic Security and Mobility



Require and/or enable state agencies to administer public assistance programs in ways that reduce [benefits cliffs](#) and administrative burdens while also increasing employment and self-sufficiency. The misalignment of public benefits policies across agencies and between levels of government can have the unintended consequences of limiting economic opportunity and disincentivizing work.

■ **Colorado** [H 1259](#) (2022) amends the [Colorado Works](#) program to increase benefit amounts, expand eligibility for specific populations and alter program rules and operations. This includes a one-time transfer of funds and an earned-income disregard with a gradual step-down to promote work and self-sufficiency.

■ **Kentucky** [HJR 39](#) (2023) directs the state's Cabinet for Health and Family Services to review public assistance programs and identify flexibilities permitted under federal law related to the Child Care Assistance Program. The law also instructs the cabinet to integrate a user-friendly benefits cliff calculator to help families understand when they would experience a financial cliff resulting from increases in earned income or public benefits.



Enact and promote state-level refundable working family tax credits and increase access to federal tax credit dollars for families. [Family tax credits](#) significantly reduce childhood poverty and boost local economies.

■ **Washington** [SB 5096](#) (2021) establishes the [Working Families Tax Credit](#), or Recovery Rebate, which offers a flat credit to low-income households dependent upon family size.

■ **Alabama** [HB 231/SB 152](#) (2022) disregards the federal child tax credit for purposes of calculating an individual's federal income tax deduction.



Adopt housing policies that keep renters safely and stably housed and create pathways to homeownership. Increasing homeownership [builds wealth](#) while reducing the [economic burdens](#) associated with evictions and frequent moves.

■ **California** [A 1482](#) (2019) prohibits owners of residential properties from terminating a tenancy without just cause and requires written notice to terminate tenancy when the tenant has continuously and lawfully occupied the residential real property for 12 months.

■ **Utah** [S 240](#) (2023) creates the [First-Time Homebuyer Assistance Program](#) to help first-time homebuyers purchase newly built housing. Funds can only be used to pay for specified costs associated with an eligible home purchase.



Make earning a college degree more [affordable](#) and attainable for more people. Earning a post-secondary degree increases [employment prospects](#) and [earned wages](#).

■ **New Mexico** [S 140](#) (2022) creates the [New Mexico Opportunity Scholarship Act](#). The scholarship provides full-time and part-time students who maintain at least a 2.5 GPA with a scholarship to cover tuition and fees at public colleges and universities.

■ **Wyoming** [HB 31](#) (2022) creates the [Kickstart Wyoming's Tomorrow Scholarship](#) program to provide tuition support for students over 24 years old without a postsecondary degree or credential. The program aims to help working adults obtain the skills and education necessary to reenter the workforce, move up in their current careers or pursue new career paths.



Enhance opportunities for people of different social and economic strata to build beneficial connections. Children from low-income families who grow up in [economically diverse and connected](#) communities are more likely to rise out of poverty and have higher earnings as adults.

■ **Maryland** [H 231](#) (2020) expands the state's housing policy to include fair housing for everyone by prohibiting discrimination in housing based on source of income. The law opens the door to more housing options for tenants using public subsidies.

■ **Tennessee** [S 1607](#) (2020) legally authorizes housing authorities to develop projects that promote affordable mixed-income rental housing by using financial assistance from private sources and state or federal programs.
