

Intergenerational Economic Mobility¹ of Need-Based Financial Aid Recipients in Washington:

Evidence from Three Years After Postsecondary Graduation

Who we study and why:

We study Washington need-based financial aid recipients who graduate from public high schools and postsecondary institutions (between 2008 and 2016) to better understand how financial aid and public education may address social inequities.

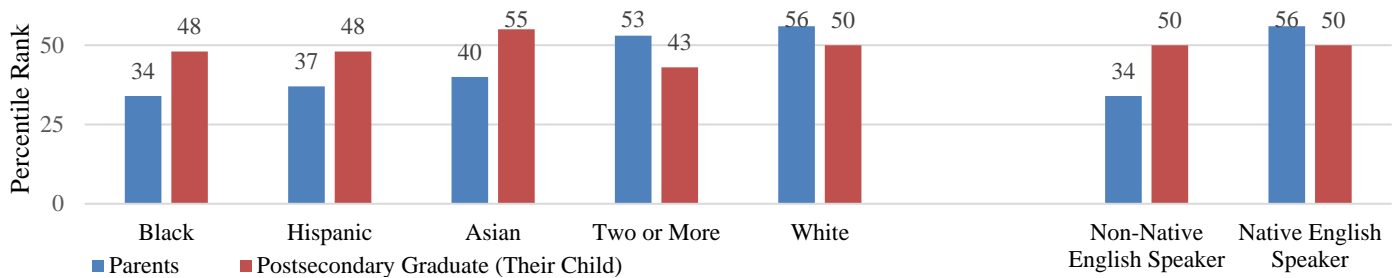
Their economic background:

Quartile	Parental Family Income (2021 \$'s)
4 (Top)	Over \$100,124
3	\$63,183 to \$100,124
2	\$34,745 to \$63,183
1 (Bottom)	Under \$34,745

Key Findings:



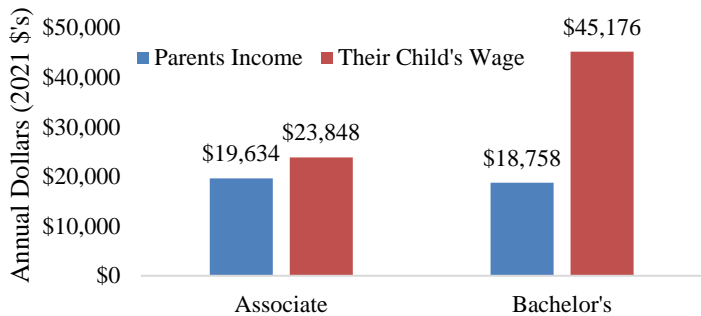
Consistent evidence of economic equalization. Among need-based aid recipients, all demographic groups with economic ranks below 50 move up after graduating with a postsecondary degree.



Notes: Ranks for parents are derived from reported family income on financial aid records and ranks for children are derived from unemployment insurance (UI) wage records three years after graduation. Ranks for parents and children are constructed separately. Parents with the highest income in the sample are assigned a rank of 100, while parents with the lowest income are assigned a rank of 0. The same rank procedure applies to their children using wage records. Native American, Pacific Islander, and "other" people are included in our analysis but account for less than 1% of the observations, separately.



The most economically disadvantaged students are surpassing their parents' income within 3 years after graduation. Children from families in the bottom 25% earn more than their parents (combined) by the third year after postsecondary graduation.



Notes: Reported parental family income includes all sources of income (including wage, capital gains, etc.) Our wage data for children only comes from payrolls linked to WA's unemployment insurance system.



There is some evidence of an opportunity ceiling for underrepresented minority postsecondary graduates. Black, Hispanic, Native American, and Pacific Islander people are less likely to move up to the top quartile from the bottom, and less likely to remain in the top quartile compared to Asian and White people.



The professional/scientific/technical, healthcare/social-assistance, and manufacturing sectors are major contributors towards upward mobility. These three sectors employ the most postsecondary graduates moving from the bottom quartile to the top quartile.

For more information see the [full report](#).

¹ Economic mobility may be considered a type of social mobility, which is often measured in change in income.