sociological science

Changing Opportunity: Rising Local Wealth Inequality and Growing Class Gaps in Income Mobility

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Abstract: Recent research documents widening class gaps in intergenerational income mobility in the United States. Children from low-income families in more recent cohorts attain lower incomes than their counterparts in earlier cohorts, while no comparable decline is observed among children from high-income families. This study examines whether rising local wealth inequality contributes to this growing class divide in mobility. To do so, it combines newly published estimates of local wealth inequality from GEOWEALTH-US with cohort-based measures of upward mobility from Opportunity Insights. First-difference models reveal a consistent negative association between rising local wealth inequality and declining upward income mobility for children from low-income families, but no comparable association for their high-income peers. These associations are robust to economic and demographic changes, including, critically, changes in income inequality. A decomposition exercise suggests that rising local wealth inequality accounts for roughly one-fifth of the observed increase in class gaps in mobility. Together, the findings identify local wealth inequality as a central dimension of stratification shaping children's economic opportunities above and beyond income inequality.

Keywords: income; inequality; mobility; wealth

Reproducibility Package: All code necessary to replicate this study is available in an OSF repository at: https://osf.io/a3vfd/

Citation: Schechtl, Manuel, Florencia Torche. 2026. "Changing Opportunity: Rising Local Wealth Inequality and Growing Class Gaps in Income Mobility" Sociological Science 13: 645-660.

Received: March 13, 2026

Accepted: April 27, 2026

Published: June 15, 2026

Editor(s): Stephen Vaisey, Herman van de Werfhorst

DOI: 10.15195/v13.a25

INCOME inequality is negatively associated with intergenerational income mobility. This pattern, prominently captured in the "Great Gatsby Curve," stands in direct tension with the American ideal of social fluidity (Corak 2013; Durlauf, Kourtellos, and Tan 2022). Whether children grow up in a poor or affluent household leaves a durable imprint on their later-life success, and childhood exposure to local inequality can shape children's ability to seize economic opportunities in adulthood (Browman et al. 2019; Chetty and Hendren 2018a, 2018b; Chetty et al. 2014; Torche 2015). Yet, economic inequality extends beyond income to include wealth, a dimension that has received less attention in the socioeconomic mobility literature.

This omission is important because wealth is not simply another indicator of economic well-being. Unlike income, wealth is a stock of assets that can be directly transferred between generations, used to buffer against negative shocks, and mobilized to finance major investments, including postsecondary education, residential moves, and other opportunity-enhancing expenditures (Pfeffer 2018; Rodems and Pfeffer 2021; Spilerman 2000). Wealth is therefore a distinctive mechanism in the intergenerational transmission of advantage and disadvantage (Hällsten and Thaning

2022; Pfeffer and Killewald 2018). If income captures command over current consumption, wealth captures a family's capacity to stabilize life chances over time, absorb risk, and strategically invest in children's prospects.

The distinction between income and wealth is especially consequential in the contemporary United States because wealth is much more unequally distributed than income (Davies et al. 2011; Keister and Moller 2000; Pfeffer and Waitkus 2021). Recent estimates place U.S. income inequality around 0.50 using the Gini index, while wealth inequality approaches 0.80 (Pfeffer and Waitkus 2021). The same pattern holds locally. As of 2020, at the commuting-zone level, wealth inequality averaged 0.76, ranging from 0.66 to 0.85, while income inequality averaged 0.43, ranging from 0.34 to 0.54 (Suss, Kemeny, and Connor 2024). Put differently, income in the most unequal local area is still more evenly distributed than wealth in the most equal one. In addition, local wealth inequality has increased faster than local income inequality. Between 1990 and 2010, the average Gini index rose by about 0.03 for wealth but by only 0.01 for income (Figs. S1 and S2 in the online supplement). In short, wealth is not only more concentrated than income—it has also become increasingly concentrated over time.

This study argues that rising local wealth inequality is an important factor in understanding growing class gaps in income mobility, above and beyond income disparities. Because wealth is central to the reproduction of advantage, its increasingly unequal distribution may constrain the life chances of disadvantaged populations while amplifying the advantages of affluent families. Wealth can provide access to neighborhoods, schools, social networks, enrichment opportunities, and direct financial transfers. If growing wealth inequality facilitates opportunity hoarding among better-off families (Hansen and Toft 2021; Tilly 1998) while simultaneously constraining the opportunities of low-income children, upward mobility may become increasingly difficult for those starting life with limited resources.

Why would the changing distribution of wealth within a place, rather than simply the overall level of wealth, matter? The reason is that local wealth inequality captures the size of the resource gaps separating households. Those disparities matter because wealth can be deployed to secure access to better neighborhoods, schools, networking opportunities, and protection from economic shocks. If wealth were to rise equally for all households within a local area, all families would possess more resources, but disparities in their capacity to convert those resources into advantage would not necessarily widen. By contrast, when wealth gains are concentrated at the top of the local distribution, the gaps between affluent families and everyone else grow, increasing the ability of better-off households to outbid others for scarce opportunities, intensify investments in children, and shield them from risk. In this situation, children from low-income families may lose ground relative to their local peers even if average wealth is increasing. This logic parallels evidence on growing class divides in parental investments driven by rising income inequality (Schneider, Hastings, and LaBriola 2018) but shifts attention from flows of income to the stock of assets that may be as or even more consequential for opportunity.

This argument is especially relevant because the outcome examined here is itself relative. Mobility is measured as the adult income rank children attain in the

national income distribution. The substantive question is therefore not whether local wealth changes increase or reduce children's absolute earnings in dollars, but whether they shift children's relative standing on the income ladder. In this context, we claim that changes in the distribution of local wealth might be more consequential than changes in overall levels of local wealth.

The expected consequences of wealth inequality for income mobility should be stronger when the wealth and income distributions are correlated, which is very much the case in the United States: Household wealth and income are positively associated, such that high-income families tend to hold much greater stocks of wealth that can be transferred across generations or deployed on behalf of children (Killewald, Pfeffer, and Schachner 2017). This overlap matters because it implies that the families already advantaged in terms of income are often also advantaged in terms of accumulated assets, allowing advantages to compound across generations. When wealth concentration rises in such a setting, it likely strengthens the ability of high-income families to maintain or enhance their children's relative position.

The potential role of wealth inequality on mobility is not dependent on a strong income–wealth correlation, however. Even in a hypothetical context with no correlation between household wealth and income, wealth inequality could still reduce intergenerational income mobility. This is because wealth can substitute for income, and not merely complement it, in investments in children's education and development (Conley 2001). Families with modest current income but substantial assets could still finance their children's private schools, college attendance, housing moves, or unpaid internships. Additionally, wealth has income-generating properties of its own, allowing children from wealthy families to benefit from returns on assets and other supplementary income sources (Fessler and Schürz 2021).

To examine the role of growing local wealth inequality in shaping children's economic opportunity, this study links two novel data sources. The first is GEOWEALTH-US, a recently curated database that provides local estimates of wealth and wealth inequality for all commuting zones in the United States from 1960 to 2020 (Suss et al. 2024). The second source is Changing Opportunity, which provides cohort-specific measures of adult income rank for children born in 1978 and 1992 based on linked parent–child income tax records (Chetty et al. 2026). Taken together, these data make it possible to assess whether increases in local wealth inequality are associated with changes in intergenerational income mobility across cohorts and across the parental income distribution.

In this analysis, we use the rank-based measure of mobility proposed by Chetty et al. Chetty et al. (2026). For each parental income percentile, mobility is defined as the mean adult income rank that adult children attain in the national distribution. Low-income origins refer to children whose parents are located in a low percentile of the parental income distribution, such as the 25th percentile, while high-income origins are defined analogously as higher parental percentiles, such as the 75th. Class gaps in mobility are then defined as differences in mean adult income rank across parental income origins. Growing class gaps in these income rank outcomes reflect that parental background increasingly predicts children's position in the national rank distribution, that is, declining intergenerational mobility.

Our findings reveal a clear asymmetric pattern: Rising local wealth inequality is strongly associated with reduced mobility among children from low-income

families, but not among children from high-income families. In our preferred specification, a one percentage point increase in local wealth inequality between 1990 and 2010 is associated with a 0.20 percentile decline in the adult income rank attained by children born to parents at the 25th income percentile. By contrast, there is no corresponding relationship among children born to parents at the 75th percentile or above. A descriptive decomposition exercise indicates that, under the estimated association, rising local wealth inequality accounts for roughly one-fifth of the increase in class gaps in relative mobility between the 25th and 75th parental percentiles. For low-income children born in 1992, the increase in local wealth inequality corresponds to an average annual income loss of roughly $700 in 2023 dollars.

These findings contribute to two related literatures. First, they bring wealth inequality more centrally into research on socioeconomic mobility, which has been dominated by income- and occupation-based measures of stratification. Second, they extend recent evidence showing a negative cross-sectional association between childhood exposure to local wealth inequality and mobility (Schechtl 2025). That earlier work relies on between-place differences at a single point in time and focuses on low-income children only. Building on it, we address the question about whether within-place increases in wealth inequality are associated with over-time declines in mobility across the entire parental income distribution. To the extent that our identification assumptions are justified, this approach provides a much stronger basis for identification of the causal effect of wealth inequality on mobility than cross-sectional associations. Importantly, our approach answers a distinct question: Is rising wealth inequality within places linked to declining mobility over time? rather than, do places that have historically been more unequal also have lower mobility? Our findings indicate that the answer is yes, and the relationship is concentrated among children from low-income families. Taken together, these findings provide new evidence that rising local wealth inequality is associated with widening class gaps in mobility in the United States.

Data and Analytical Strategy

Data

This study uses recently published local wealth estimates from GEOWEALTH-US (Suss et al. 2024). This database draws on the Survey of Consumer Finances, the Decennial Census, and the American Community Survey and applies machine-learning-based imputation to estimate local wealth and wealth inequality. These data are combined with income mobility estimates published by Opportunity Insights, based on linked parent-adult child income tax returns for the 1978 and 1992 birth cohorts (Chetty et al. 2026). Both measures are publicly available at the community-zone level.

Commuting zones are substantively meaningful units for this analysis because they capture local labor market and educational environments more closely than administrative geographies such as counties (Carpenter, Lotspeich-Yadao, and Tolbert 2022). With 741 commuting zones in the United States (compared to 3,143 counties), commuting zones likely provide a better approximation of the local opportunity

structures and choice sets that families actually face. For example, the New York commuting zone includes nine adjacent counties around New York City, defining a meaningful area within which individuals reasonably commute for work.

Outcome

Our focal outcomes are changes in income mobility experienced in adulthood between the 1978 and the 1992 birth cohorts. Income mobility is measured as the income rank attained at age 27 by children born to parents at the 1st, 25th, 50th, 75th, or 100th percentile of the national parental income distribution. Although age 27 captures early adulthood, prior research shows that the relationship between children's and parents' income ranks is similar when measured at later ages (Chetty et al. 2026). Mobility outcomes are linked to the commuting zones where children grew up. For children who move, commuting-zone estimates are weighted by the number of childhood years spent in each location before age 18. Because the dependent variable is a percentile rank, the definition of mobility is inherently relative. This means that improvements for some groups necessarily imply relative declines for others. Accordingly, a "decline in mobility" here means that children from a given parental background attain lower positions relative to their cohort peers nationwide. It does not necessarily imply an absolute decline in real earnings or that they earn less than their parents. This point matters for interpretation because the argument developed above is specifically about how local wealth inequality may alter children's position relative to other households.

Focal Predictor

The main predictor is the change in local wealth inequality between 1990 and 2010, measured by the commuting-zone Gini index of net wealth (the total value of household assets minus total liabilities). In robustness analyses, we also measure wealth concentration using the top 10 percent wealth share.

Analytical Strategy

To estimate the association between changes in local wealth inequality and changes in mobility across commuting zones, we estimate linear first-difference models of the form:

$$\Delta Y_c = \beta_1 \Delta G_c + \Delta X_c' \beta_2 + \varepsilon_c, \tag{1}$$

where ΔY_c is the change in adult income rank between the 1978 and 1992 birth cohorts in commuting zone c, ΔG_c is the change in the commuting-zone Gini index of wealth inequality between 1990 and 2010, and ΔX_c denotes a vector of changes in commuting-zone covariates.

With two time points, this specification is equivalent to a fixed-effects model with commuting-zone and period fixed effects. This formulation differs from all time-invariant observed and unobserved characteristics of commuting zones, including geography, long-run institutional capacity, historical disadvantage, and

other stable features that may shape both wealth inequality and income mobility. It also differentiates any temporal trends shared across commuting zones, driven, for example, by the economic cycle, geopolitical conflict, and any other factors that affect all commuting zones. In that sense, this design provides a stronger basis for a causal interpretation than a purely between-place comparison.

This stronger design comes at a cost. First-difference and fixed-effects approaches identify coefficients exclusively from within-place change over time. Because all between-place variation is removed, identifying variation is reduced and estimation uncertainty increases (Angrist and Pischke 2009; Wooldridge 2010), making it harder to retrieve statistically significant estimates.

The key causal identification concern in this design is time-varying confounding, namely, local changes that may simultaneously affect both changes in wealth inequality and income mobility. To reduce this risk, we adjust for a broad set of changes in local demographic and economic conditions.

The time-varying covariates included are socio-demographic changes, including the change in the share of single-parent households, college graduates, foreign-born residents, employed adults, and Black residents, logged mean age, and logged number of households, as well as economic changes, including change in average household income, median wealth, and income inequality. These controls are included to reduce the risk that the estimated association between rising wealth inequality and declining mobility merely reflects broader changes in local environments. Socio-demographic covariates may affect both the local distribution of wealth and children's later-life economic trajectories by altering the composition of households and the social conditions under which children grow up. Changes in economic characteristics capture broader shifts in local economic prosperity and labor-market opportunity that could simultaneously shape both wealth concentration and mobility outcomes by altering the availability of stable employment and families' capacity to invest in children. Finally, adjusting for changes in income inequality allows the analysis to distinguish whether mobility declines are associated specifically with growing disparities in wealth rather than with widening economic inequality more generally.

Covariates are introduced sequentially. Model 1 reports the bivariate association between changes in local wealth inequality and changes in mobility. Model 2 adds demographic changes, including the shares of single-parent households, college graduates, foreign-born residents, employed adults, and Black residents, along with logged mean age and logged number of households. Model 3 adds economic changes, namely average household income and logged median wealth. Model 4 additionally adjusts for changes in income inequality measured by the Gini index. All covariates are measured as changes between 1990 and 2010.

Predictors were measured in 1990 and 2010 because these years are closest to the periods in which children in the 1978 and 1992 birth cohorts were claimed on their parents' tax returns. Differences in local characteristics between 1990 and 2010, therefore, proxy for changes in the local environments the two cohorts experienced during childhood and adolescence. The comparison is not perfect. Children in the earlier cohort were approximately age 12 when parental resources were measured, whereas children in the later cohort were around age 18. This limitation inherent

to the Opportunity Insights data may introduce some measurement mismatch in cross-cohort comparisons. However, there is no reason, as far as we can ascertain, to expect any resulting bias to vary systematically with changes in local wealth inequality.

All models are estimated by ordinary least squares with robust standard errors. Dependent and independent variables are winsorized at the 1st and 99th percentiles; results are similar without winsorization (Fig. S3 in the online supplement). Models are weighted by the reliability measure of the underlying mobility estimates published by Opportunity Insights in order to account for uncertainty due to the estimated nature of the dependent variable (Chetty et al. 2026; Hornstein and Greene 2012). Some estimates become less precise without these weights, particularly in the most parsimonious specifications, but the substantive pattern remains (Fig. S4 in the online supplement). Results are also unchanged when population weights are used instead (Fig. S5 in the online supplement). All code necessary to replicate this study is available in an OSF repository at: https://osf.io/a3vfd/

A final interpretive point is worth highlighting. The association between changes in wealth inequality and changes in mobility need not mirror the cross-sectional association between levels of wealth inequality and levels of mobility. Levels capture enduring differences between places, whereas changes capture temporal dynamics unfolding within places, including demographic shifts, policy change, housing-market transformations, and labor-market adjustments. The comparison of estimates based on within-place change and estimates from across-place cross-sectional models provides a useful form of "triangulation."[1] Alignment between the two sets of estimates suggests that the core relationship is not driven solely by persistent cross-sectional differences across localities, while also elucidating the mobility consequences of rising wealth inequality experienced in the United States in the recent past.

Findings: Rising Local Wealth Inequality and Declining Mobility

Does rising local wealth inequality contribute to growing class gaps in income mobility? Figure 1 presents the main descriptive findings. It plots cross-cohort changes in adult income rank between the 1978 and 1992 cohorts across commuting zones ranked by the change in local wealth inequality over this period. The pattern is clear. In places where wealth inequality grew more, children in the later cohort attained lower adult income ranks than children in the earlier cohort, but this relationship is concentrated among children from the lower half of the parental income distribution.

Specifically, increases in local wealth inequality are associated with reduced mobility for children born to parents at the 1st, 25th, and 50th percentiles. By contrast, we find no relationship between rising wealth inequality and mobility for children born to parents at the 75th or 100th percentiles. For children from the 25th parental percentile, a one-percentage-point increase in local wealth inequality between 1990

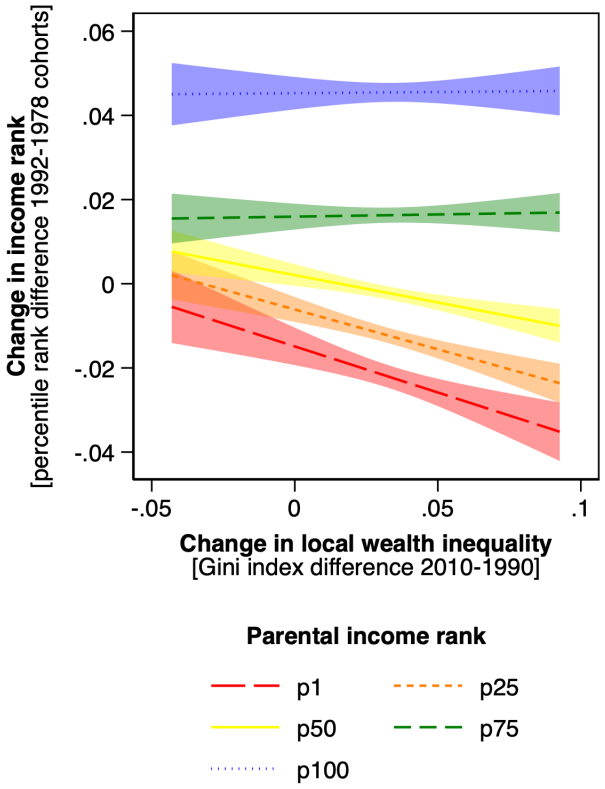

Figure 1: Correlations between changes in local wealth inequality and changes in income mobility by parental income percentile.
Notes: Shaded areas indicate 95 percent confidence intervals. Each line shows the bivariate association between changes in the income ranks that children growing up to parents at the 1st, 25th, 50th, 75th, or 100th percentile achieve at age 27 (1978 vs. 1992 cohorts) and changes in local wealth inequality between 1990 and 2010. Commuting zones are weighted by the reliability estimates provided by Opportunity Insights (Chetty et al. 2026). Mobility information is based on data published by Opportunity Insights (Chetty et al. 2026). Local wealth inequality is measured as the commuting zone level Gini index. Wealth data are from the GEOWEALTH-US project (Suss et al. 2024). Author's calculation.

and 2010 is associated with the later cohort attaining roughly 0.20 percentile points lower adult income rank than its earlier-cohort counterpart.

This initial pattern suggests that there is no generalized reduction in mobility associated with growing wealth inequality across the entire parental income distribution. Rather, it points to a class-specific decline in relative mobility, concentrated among children from low- (and to a lesser extent middle-) income backgrounds and fully absent among children from high-income households.

Many changes in the local environment during childhood, other than wealth inequality, could contribute to lower adult income ranks among children born in 1992 relative to those born in 1978. These include shifts in labor market conditions, demographic composition, overall economic prosperity, and broader transformations in local stratification. In particular, one factor that is substantially correlated with wealth inequality is income inequality. The observed association between

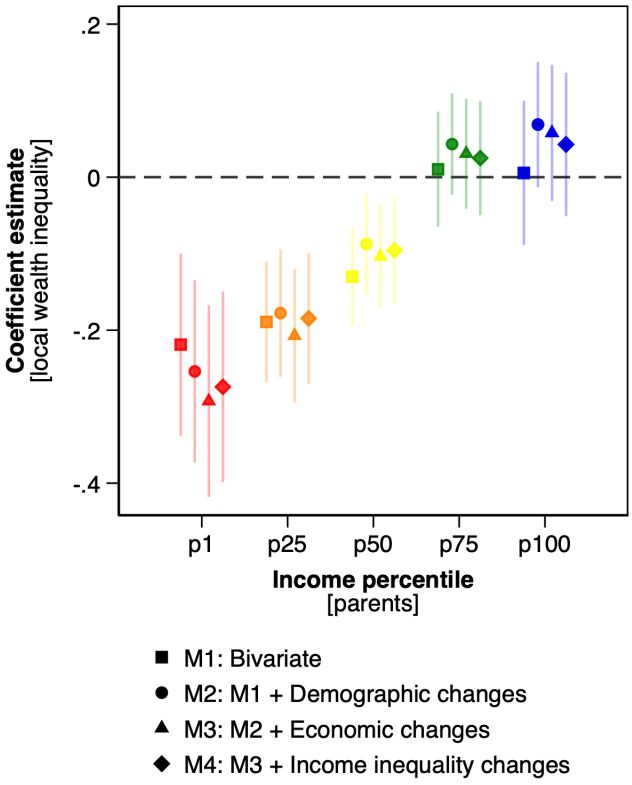

Figure 2: Rising local wealth inequality is associated with decreasing upward income mobility.
Notes: Whiskers indicate 95 percent confidence intervals. Each marker gives the estimated coefficient of changes in local wealth inequality between 1990 and 2010 on changes in the income ranks that children growing up to parents at the 1st, 25th, 50th, 75th, or 100th percentile achieve at age 27 (1978 vs. 1992 cohorts). Model 1 gives the bivariate association. Model 2 includes a set of demographic characteristics: population share of single parents, college graduates, foreign born residents, and employed adults, as well as the share of Black residents, average age (log), and total number of households (log). Model 3 adds to that a set of economic covariates: average household income and median wealth (log). Model 4 finally adds income inequality (Gini index). All covariates are measured as their change between 1990 and 2010. Commuting zones are weighted by the reliability estimates provided by Opportunity Insights (Chetty et al. 2026). Wealth inequality is measured as the commuting zone level Gini index. Data are from the GEOWEALTH-US project (Suss et al. 2024) and Opportunity Insights (Chetty et al. 2026). Author's calculation.

wealth disparities and intergenerational income mobility might, then, be fully or partly accounted for by changes in income disparities.

Figure 2 reports estimates from a sequence of first-difference models adjusting for potential time-varying confounders. Model 1 shows the bivariate association. Model 2 adjusts for local demographic changes, including the shares of single-parent households, college graduates, foreign-born residents, employed adults, and Black residents, along with mean age and the total number of households. Model 3 additionally adjusts for changes in average household income and median wealth, which capture shifts in local economic resources that may otherwise confound the association between changing wealth inequality and mobility. Model 4, the preferred specification, adds controls for changes in local income inequality to

model 3 (see Table S1 in the online supplement for summary statistics and Tables S2–S6 in the online supplement for all estimation results).

The main pattern persists across these increasingly stringent adjustments. Growing local wealth inequality remains negatively associated with changes in mobility among children at the median of parental income or lower, especially those at the 25th percentile. By contrast, the coefficients for children from high-income backgrounds remain close to zero across specifications. The results, therefore, suggest that the association between wealth inequality and declining mobility is not reducible to changes in local demographic composition, changes in local economic wellbeing, or changes in income inequality. Of note, in the model including both wealth and income inequality as predictors, the pattern of association between income inequality and income mobility is similar to the one for wealth inequality but mostly fails to reach significance (Fig. S6 in the online supplement).

Substantively, the findings indicate that children from high-income households are largely insulated from the consequences—adverse or positive—of rising local wealth concentration on economic opportunity. The fact that wealth inequality predicts less mobility for low-income children even after accounting for changes in income inequality indicates that wealth disparities matter independently from income gaps. Put differently, growing wealth concentration appears to contribute to widening class gaps in mobility above and beyond the role of income disparities.

Robustness Checks

The findings are robust to a range of alternative specifications. Measuring local wealth inequality using the top 10 percent wealth share rather than the Gini index yields very similar results (Fig. S7 in the online supplement). Measuring mobility using individual rather than household income also results in unchanged findings (Fig. S8 in the online supplement). Sequentially excluding one state at a time indicates that no single state drives the pattern (Fig. S9 in the online supplement). Results also remain substantively unchanged when we account for gender heterogeneity and estimate mobility separately for women and men (Figs. S10 and S11 in the online supplement). Note that we do not examine heterogeneity by race because the spatial coverage of race-specific mobility estimates is too limited to support credible comparisons across commuting zones. This is an important limitation, especially given the racialized structure of both wealth inequality and mobility in the United States.

Our final robustness check addresses a common limitation of first-difference and fixed-effects models. By estimating a single parameter for the change in wealth inequality, these models implicitly assume that the negative effect of an increase in wealth inequality is identical in magnitude, but opposite in sign, to the positive effect of a decrease in wealth inequality. This assumption may be incorrect. For example, wealth equalization may promote mobility more strongly than rising inequality suppresses it. To examine this possibility, we estimate a more flexible version of the first-difference and fixed-effects models that allows increases and decreases in wealth inequality to have different estimates (Allison 2019; York and Light 2017).

This analysis is informative from a mechanistic standpoint. However, empirically, the vast majority of commuting zones experienced increases in wealth inequality over the period we studied: 89.6 percent of commuting zones, or 97.5 percent when weighted by population size, saw wealth disparities widen between the 1978 and 1992 birth cohorts.

Decomposing the first-difference coefficient into separate parameters for increases and decreases in wealth inequality shows that increased inequality is negatively and significantly associated with depressed mobility among children from the lower half of the parental income distribution, especially those from poor households (Fig. S12 in the online supplement). The estimates for decreases in wealth inequality are uniformly positive. However, because few commuting zones experienced reductions in wealth inequality, these estimates are imprecise and, in all cases, statistically indistinguishable from zero. Although preliminary, this analysis suggests that reductions in wealth inequality may improve mobility. At the moment, however, that possibility is difficult to assess given how rare wealth equalization has been in the United States in the recent past.

Descriptive Decomposition Exercise of Widening Class Gaps

To assess the importance of rising local wealth inequality for widening class gaps in mobility, we next implement a decomposition exercise. Figure 3 compares observed cohort differences in mobility with predicted differences under a scenario in which local wealth inequality did not increase between 1990 and 2010, holding the estimated association from the preferred model fixed. Because the underlying design does not support conclusive causal claims, this exercise should be interpreted as a descriptive translation of the observed coefficient pattern rather than as a causal estimate of the share of widening class gaps attributable to local wealth inequality.

The decomposition indicates that rising local wealth inequality is linked to a substantial share of the widening class divide in mobility. In the observed data, children in the 1992 cohort born to parents at the 25th percentile attain adult income ranks about 1.4 percentiles lower than their 1978 counterparts. Under the counterfactual scenario in which local wealth inequality does not increase, the predicted disparity falls to about 0.7 percentiles. Over the same period, the class gap in mobility between children from the 25th and 75th parental income percentile grew by roughly 3.5 percentiles. On this basis, rising local wealth inequality is linked to approximately one-fifth of the increase in class gaps in mobility.

This effect is modest in absolute terms but meaningful in substantive terms. Based on the earnings distribution, a 0.7-percentile reduction in adult income rank translates into an average annual income loss of approximately $700 in 2023 dollars for low-income children in the 1992 cohort. For a poor family, $700 amounts to a non-negligible share of annual income near the poverty line and can matter for basic consumption, utilities, debt avoidance, or the ability to absorb an unexpected expense. It amounts to a small change in relative rank that can carry relevant material consequences for families near the bottom of the distribution.

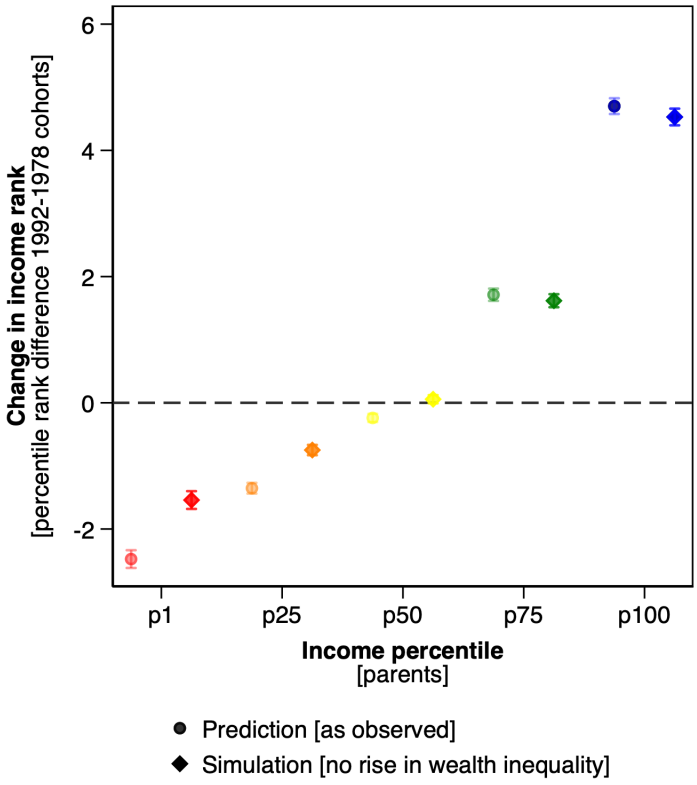

Figure 3: Static simulations of cross-cohort changes in income mobility by parental income percentile had local wealth inequality stayed the same.
Notes: Whiskers indicate 95 percent confidence intervals. Each coefficient gives the estimated change in the income ranks that children growing up to parents at the 1st, 25th, 50th, 75th, or 100th percentile achieve at age 27 (1978 vs. 1992 cohorts). Commuting zones are weighted by the reliability estimates provided by Opportunity Insights (Chetty et al. 2026). Wealth inequality is measured as the commuting zone level Gini index. Data are from the GEOWEALTH-US project (Suess et al. 2024) and Opportunity Insights (Chetty et al. 2026). Author's calculation.

Discussion

This study examines whether rising local wealth inequality contributes to widening class gaps in intergenerational income mobility in the United States. Evaluating cohort changes within commuting zones, it shows that the increase in local wealth inequality is consistently associated with a decline in upward rank mobility among children from low-income families, but has no association with mobility among children from high-income families. These associations are robust to adjustment for demographic and economic changes, including, critically, changes in local levels of income and wealth and changes in local income inequality.

The findings have several implications. First, they show that the relationship between wealth inequality and mobility is not merely a cross-sectional pattern potentially driven by durable differences between more and less unequal places. Second, the results show that growing wealth concentration is linked to opportunity in a distinctly class-specific way. We do not find negative associations across the

entire parental income distribution. Instead, the relationship is concentrated among children from low-income origins, while children from advantaged backgrounds appear protected (but do not experience any benefits). This asymmetry is substantively expected given the high correlation between the household income and wealth distributions in the United States. It indicates that rising wealth concentration does not undermine opportunity equally for all children. Rather, it magnifies disadvantage among those with fewer starting resources while leaving the prospects of better-off children intact.

Third, the results indicate that wealth inequality is more strongly associated with changes in mobility than income inequality, particularly among children from low-income families. This does not mean income inequality is unimportant. It does suggest, however, that wealth captures a distinctive aspect of stratification that matters for how opportunities are distributed across generations.

The analysis is consistent with an understanding of wealth inequality as capturing meaningful differences in the size of resource gaps between households beyond income. Wealth matters because it can be accumulated, transferred, and directly invested in children, and larger gaps in wealth imply greater disparities in families' capacity to secure better neighborhoods and schools and other opportunity-enhancing goods. Children's outcomes are measured as adult income ranks, so what matters is not simply whether localities become wealthier on average, but whether resource distributions become more skewed. In supplementary models, changes in median wealth are not associated with changes in mobility, whereas changes in wealth inequality are (Fig. S13 in the online supplement). This distinction is consequential. Rising average wealth may benefit all families to some extent, for example, through stronger local tax bases or improved public services, though even this link can be attenuated by fragmented tax jurisdictions and fiscal insulation (Manduca, Highsmith, and Waggoner 2025). Rising wealth inequality, by contrast, reflects a widening separation in the resources families can mobilize on behalf of children.

Our study invokes substantively plausible mechanisms linking local wealth inequality to children's later-life income outcomes. Still, the empirical design does not support strong causal claims. First-difference models remove all time-invariant confounding, and the analysis additionally adjusts for a broad set of local economic and demographic trends, but unobserved time-varying confounders may still bias the estimates. The findings should therefore be interpreted as associations that are consistent with the mechanisms outlined here, not as conclusive causal effects. For the same reason, the counterfactual exercise should be read as a descriptive decomposition of the observed widening gap under the estimated association, not as a causal estimate of the portion of that gap produced by rising wealth inequality.

Additional data limitations also suggest caution. The analysis examines wealth inequality at the commuting-zone level and cannot capture finer-grained forms of wealth concentration or segregation within places. This limits the ability to test neighborhood-scale mechanisms such as residential sorting, school stratification, or local public-finance fragmentation. In addition, the cohort comparison relies on published Opportunity Insights measures that do not align perfectly in developmental timing across cohorts. While there is no clear reason to expect this mismatch

to vary systematically with wealth inequality, it still likely introduces measurement imprecision.

These limitations point to promising avenues for future research. More spatially granular measures of wealth concentration could allow scholars to test concrete mechanisms through which unequal local wealth distributions shape children's life chances. Linking administrative or survey-based data on household wealth to children's later earnings would help distinguish contextual from family-level wealth effects. Natural experiments based, for example, on policy or asset-market shocks that alter local wealth distributions could support sharper causal inference. Finally, research that follows exposure across the life course for different groups could clarify when local wealth inequality is most consequential and for whom.

Taken together, the results suggest that wealth inequality is a core dimension of stratification shaping children's economic mobility beyond income disparities. For scholars and decision makers concerned with opportunity in the United States, the distribution of wealth is a relevant dimension of intergenerational stratification.

Note

1 More generally, between-unit cross-sectional associations and within-unit associations based on change over time are not the same estimand, and one cannot be generalized to the other without both theoretical and empirical support (Mummolo and Peterson 2018). Numerous studies using panel data have shown that within-unit associations may differ, sometimes sharply, from between-unit associations (Jungkunz and Marx 2022, Kim et al. 2022). Such departures point not only to the possibility of unit-level confounding but also to the fact that cross-sectional differences across units and temporal change within units may reflect distinct social phenomena.

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Acknowledgments: This research was funded by the Volkswagen Foundation.

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