Surveying Mobility

A new survey provides unique insights into economic mobility in the Third District.

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Understanding economic mobility—the ups and downs people experience in their employment, income, and financial situation—is important for understanding the opportunities and challenges faced by people and communities, as well as the state of the economy. However, measuring economic mobility is difficult because many data sets do not provide adequate information on changes in people's economic circumstances over time. To address this gap, the Federal Reserve Bank of Philadelphia recently launched its Survey of Economic Mobility. The survey generates new insights into the experiences and expectations of Third District residents regarding work, school, and economic mobility. In this article, I describe the survey's design and the results from a pilot of the survey. I then share some initial insights we have gained from the survey.

The Survey's Design and a Pilot Study

We designed the Survey of Economic Mobility to provide us with detailed information from a broad cross-section of people.

First, we directly recruit survey participants by sending letters to residential addresses in the Third District inviting people to participate in a survey. This allows us to recruit survey participants from specific geographic areas of interest (for example, certain neighborhoods in Philadelphia). This also allows us to obtain a more representative sample because we are not limited to individuals who have opted in to any particular online survey platform.

Second, participants complete monthly text message surveys; we use text messages so that a broader range of individuals can participate. Some people don't have the ability to sit down at a computer and take a survey for 10 or 15 minutes, but they can respond to text messages throughout the day.

Third, we ask participants specific questions about their economic opportunities and challenges. We first ask about their baseline characteristics, such as age, education, and household income. We also ask individuals whether their ability to work or look for a job is limited by their health or access to transportation. This information provides us with a detailed snapshot of everyone's economic circumstances. During each month of the survey, we ask these individuals follow-up questions about their employment situation, recent job search activities, income, and expectations for future employment and job searches. We also ask whether their ability to work or look for a job was affected by a change in their health or access to transportation.[1]

Finally, we invite some participants to participate in focus groups. The survey provides a unique opportunity to recruit focus group participants based on their responses to previous questions. For example, we can identify people who experience particularly positive or negative income changes and ask them nuanced questions about what led to their change in income and what other things in their life, such as their spending patterns or plans, changed afterward.

To understand the unique benefits of our Survey of Economic Mobility, let's compare it with another leading survey. The Current Population Survey (CPS), which is sponsored by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics, provides invaluable labor force statistics such as the unemployment rate. The CPS is structured as a monthly panel in which individuals answer questions for a four-month period, followed by eight months out of the survey, then four more months in the survey. As a result, the CPS can measure monthly changes in individuals' employment. So too can the Survey of Economic Mobility, but the Survey of Economic Mobility collects additional information, including the income respondents earn each month, the types of jobs they are searching for, how many hours they spend searching, and how they view the costs and benefits of education. Thus, we collect more nuanced data about how workers of different backgrounds experience changes in their economic conditions.

Between December 2023 and August 2024, we undertook a pilot study of the Survey of Economic Mobility and recruited survey participants from lower- and middle-income zip codes in Philadelphia. We used this pilot to see if we could recruit our desired number of survey participants and if individuals would continue to participate in the survey over several months. The answer to both questions is "yes": Around 600 people completed the first month of the survey, and around 60 percent of these individuals completed all six months. Moreover, survey respondents were broadly representative of residents in the zip codes we targeted.[2]

Initial Insights

The Survey of Economic Mobility is uniquely suited to provide data on the determinants of economic outcomes. There are two broad explanations for why some people have poor outcomes. According to one explanation, individuals have either short- or long-term *fixed characteristics* that aren't valued in the labor market. For example, some people have minimal schooling or lack the skills that are sought by employers. But according to another explanation, some individuals experience *negative changes* that they have difficulty responding to. For example, some people experience a deterioration of their health, which leads them to work fewer hours, earn less income, and have greater difficulty paying their bills. Similar dynamics might emerge for individuals who experience reduced access to transportation.

These two explanations have different implications for our understanding of people's economic circumstances and the types of policies that could improve them. If the *fixed characteristics* explanation is the main reason people have poor outcomes, then improving their outcomes might require an investment in their education or skills. On the other hand, if the *negative changes* explanation is more relevant, then policies that help individuals respond to hardships might be most valuable. In practice, both explanations could be in play, so we need evidence on the relative importance of each.

The Survey of Economic Mobility is well suited for the provision of this evidence. In particular, the survey provides monthly measures of respondents' economic circumstances and their experience of specific challenges. The key survey questions that measure challenges are: "During the last 4 weeks, did you experience any changes in your [physical, mental, or emotional health / access to transportation] that affected your ability to work or look for a job?" and, for people who reported a change, "Did your [physical, mental, or emotional health / access to transportation] get better or worse during the last 4 weeks?"

People in lower-income households are much more likely to report monthly changes in their health (Figure 1). Among people in households with an income below $25,000, almost 33 percent of survey responses indicate a worsening of individuals' health that affected their ability to work or look for a job. Only about 8 percent of responses from lower-income households indicate an improvement in health, which means that, on balance, lower-income individuals' self-reported health worsened over time. In contrast, for people from households with an income above $100,000, only about 7 percent of responses indicate a decline in health and 4 percent an improvement. People from lower-income households are also more likely to report a decline in their access to transportation that affected their ability to work or look for a job (Figure 2). Essentially no one from a household with an income above $100,000 reported *any* change in their access to transportation that affected their ability to

FIGURE 1

Lower-Income Individuals Are More Likely to Report a Change in Their Health

And these changes tend to be negative.

Percent of survey respondents reporting that their health got worse, did not change, or improved over the previous four weeks

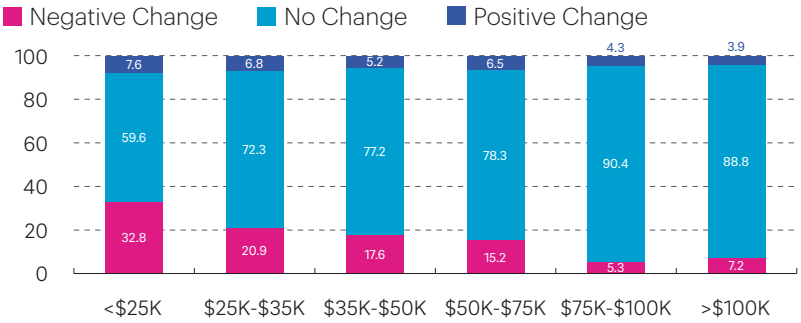
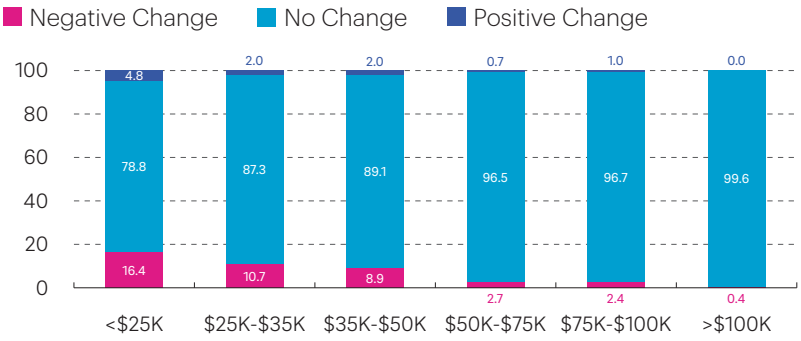


FIGURE 2

Lower-Income Individuals Are More Likely to Report a Change in Their Access to Transportation

And these changes tend to be negative, too.

Percent of survey respondents reporting that their access to transportation got worse, did not change, or improved over the previous four weeks



Source: Philadelphia Fed Survey of Economic Mobility

Notes: Household income is measured at the start of the survey. Each observation in this figure represents a monthly survey response.

work or look for a job. This makes sense: People from higher-income households have access to more reliable transportation in the first place, and they have more resources that allow them to pay for auto repairs or switch transportation modes as needed.

These results show that lower-income individuals are more likely to report negative changes that affect their ability to work or look for a job. However, these results alone are not enough to conclude that the *negative changes* explanation is in play. Lower-income individuals differ from higher-income individuals in many ways, including education and background. This creates an identification challenge: Do negative changes have an independent effect on people's outcomes, or are they simply associated with other factors that lead to poor outcomes?

To answer that question, I studied how negative changes in people's health affect their employment (Figure 3). For this analysis, I excluded people who reported that their health limited their ability to work or look for a job in the first month of the survey, and I excluded situations in which people reported an improvement in their health (which is less frequent). This left me with a sample of individuals who started the survey with reasonably good health and then experienced either no change or a worsening in their health. I then measured the association between individuals' employment and the experience of a decrease in health over the previous four weeks. I find that people with a decrease in their health are 13 percentage points less likely to be employed.

As discussed above, this association might reflect other characteristics of people besides their health. So, for my second estimate, I controlled for differences across people in observed characteristics: age, gender, race, ethnicity, education, and initial household income. When I control for these variables, the negative association declines in magnitude but still shows that people with a decrease in their health, holding the other characteristics fixed, are 9 percentage points less likely to be employed. Nonetheless, people have many characteristics that are not observed, even in a data set as rich as that provided by the Survey of Economic Mobility. Thus, my final estimate includes a person fixed effect, which controls for *all* features of individuals–both observed and unobserved–that are constant over the survey period. Using this approach, I can more definitively quantify how much people's employment changes when their health worsens. The resulting estimate implies that a decrease in health lowers individuals' employment rate by 5 percentage points.[3]

To summarize, decreases in health appear to have sizable, negative impacts on individuals' employment in the short run. However, the size of this relationship depends on how we account for the finding that people who report a deterioration of their health also tend to have characteristics that predict lower employment.

The effects of a decrease in access to transportation are broadly similar to the effects of a decrease in health (Figure 4). Using a parallel analysis, I find that decreases in access to transportation lower people's employment by around 11 percentage points.

These estimates suggest that decreases in health and access to transportation have sizable, immediate impacts on people's employment. To understand the importance of these channels for the employment rate of lower-income individuals, consider a simple back-of-the-envelope calculation. Among people with less than $35,000 in household income at baseline, 29 percent of survey responses indicate a negative change in health. Combined with the bottom-line estimates, this implies that negative changes in health lower the employment rate for this group by about 1.5 percentage points. Among the same group, a similar calculation suggests that negative changes in transportation also reduce the employment rate by about 1.5 percentage points. The average employment rate for this group is 48 percent, so this calcu-

FIGURE 3

Negative Changes in Health Lower Individuals' Employment

But accounting for differences across people is quantitatively important.

Percentage change in employment status for people who report worse health

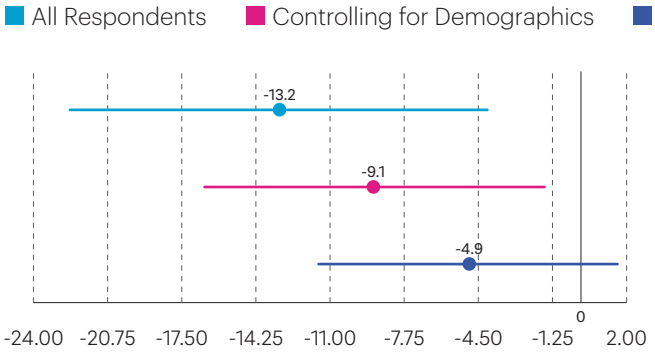
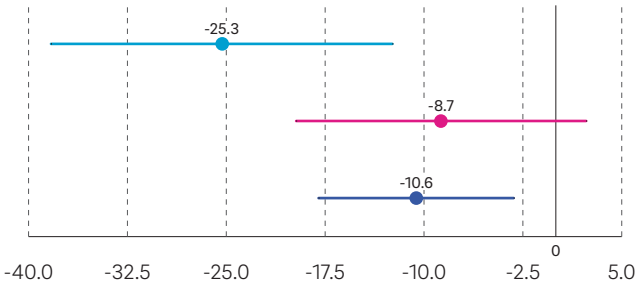


FIGURE 4

Negative Changes in Access to Transportation Lower Individuals' Employment

But accounting for differences across people is quantitatively important.

Percentage change in employment status for people who report a decline in transportation access



Source: Philadelphia Fed Survey of Economic Mobility

Notes: The controls in the top row are fixed effects for the survey month (1-6) interacted with fixed effects for the calendar month in 2024 when the survey was completed. In the middle row, I add indicators for race/ethnicity (non-Hispanic White, non-Hispanic Black, non-Hispanic Asian, non-Hispanic other race, Hispanic), gender, age category, education level, and household income category. In the bottom row, I replace these individual control variables with individual fixed effects. The figure reports point estimates along with 95 percent confidence intervals based on standard errors that are clustered by survey respondent.

lation suggests that negative changes in health and transportation explain only a fraction of this group's low employment rate. In sum, *negative changes* appear to play a meaningful role in shaping the employment of low-income households, but *fixed characteristics* matter more.

Conclusion

The Survey of Economic Mobility is a unique approach to collecting data on the economic circumstances, opportunities, and challenges of residents of the Third District. The survey allows us to better understand the determinants of individuals' economic mobility, which is an important aspect of economic conditions. Initial results suggest that the employment of lower-income individuals is meaningfully held back by their greater incidence of negative changes in health and access to transportation.

Notes

1 We ask many other questions in the survey, but for the purpose of this article I focus on just the two questions about health and transportation.

2 See Anglin et al. (2025) for more details about this pilot study.

3 There is statistical uncertainty surrounding these estimates, as shown by the confidence intervals in the figures. This statistical uncertainty will fall as the survey sample size grows.

References

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