

Do Grandparent-Headed Households Promote Intergenerational Income Transfers and Residential Stability in Children's Lives?

Introduction

The changing American family and associated child well-being outcomes is one of the central themes of recent decades of family demographic studies. Recognizing the variation in family and household types, numerous family scholars have focused their efforts on documenting trends in marriage and divorce patterns (Cherlin, 1992), changing family structure and formation patterns (Snyder, Brown and Condo, 2004; Wu, Bumpass and Musick, 2001), household types and living arrangements (Snyder and McLaughlin, 2004), and a wide array of adult, child and family well-being outcomes (Casper and Bianchi, 2002; Thornton, 2000). In recent years, studies have emphasized newer family formation patterns, namely the sharp rise in cohabiting unions and nonmarital childbearing (Bumpass and Lu, 2000;), child well-being outcomes in these newer family types (Brown, 2004), and sub population variability in these patterns and outcomes (Manning and Smock, 1995). Children's lives have been profoundly impacted by the above-mentioned transformations in the American family, and it is clear that different family contexts and household living arrangements impact children's lives in large part by determining the resources available to children.

This study focuses on an emerging and less well-studied family context for children-- living with grandparents. Households headed by a grandparent caring for a grandchild are becoming more common, and this is especially true among racial and ethnic minority groups (U.S. Census 2003). Grandchildren are often living in their grandparental home because their

parents have financial needs and/or other problems (such as drug and alcohol abuse) that require additional parenting help from others (Goodman and Silverstein 2002). Between 1970 and 1997, the number of U.S. children living in a grandparent-headed household increased from 2.2 million to 3.9 million, and these households now include 5.5 percent of all U.S. children (Casper and Bryson 1998). Evidence suggests that compared to other households that contain children, those headed by a grandparent face more severe economic hardship and this is especially true for those headed by an unmarried grandmother (Bryson and Casper 1999).

The contribution of this study is to better describe and understand how living in households with their grandparents affects the economic well-being and residential stability of children. The main outcomes of interest are household poverty and income-packaging, and the residential stability of these living arrangements. We are especially interested in how public and private income sources are combined in grandparent-headed families that contain children. This study will shed new light on the degree to which this emerging family context promotes stability and the inter-generational shift of private and public resources from the elderly to the young. The following research questions are addressed:

1. What percent of children live in a grandparent-headed household? What percent of U.S. households with children are headed by a grandparent?
2. What are the characteristics of children who live in grandparent-headed households?
What are the characteristics of the household heads?
3. What are the characteristics of grandparent-headed households that contain children?
What economic resources are available to children in grandparent headed households?
How stable is residence with a grandparent?

4. What is the income packaging of grandparent-headed households that contain children? How does this vary by type of household (male headed, female headed, two parent)? And race/ethnicity (non-Hispanic White, non-Hispanic Black, Hispanic)?
5. Which grandparent households with children are associated with above poverty incomes and residential stability? Is there a relationship between grandparent household incomes and the residential stability of children in those households?

Background

Children are dependents—either on public or private (family-based) transfers. The shift of public and private transfers away from children, and toward the elderly, as described by Preston (1984), has only intensified in recent years. Examples of this phenomenon include changing family structure and formation patterns that have added to the rise in child poverty (Eggebeen and Lichter 1991; Lichter and McLaughlin 1995; McLanahan, 2000) as well as public policy, including but not limited to welfare reform policies that have diverted resources from poor children, and the expansion of the social security program that benefits elders (Lichter and Jayakody 2002; Lichter and Crowley, 2004). The shift in public and private transfers has had a real impact on the well-being of children and elders alike, although race/ethnic, educational and marital status differences in poverty and wealth among elders is substantial. Life expectancy has increased for elders in the US and median incomes have risen (Federal Interagency Forum on Aging-related Statistics, 2004) at the same time that high child poverty and its close connection to delayed child development persist (Smith, Brooke-Gunn and Klebanov, 1997).

Altering household living arrangements is one way to promote child well-being among

vulnerable families. Family economic well-being is improved when households contain multiple adults (Edin and Lein, 1997; White and Rogers, 2000). It is common for single mother families, for example, to live in households with other adults (Bumpass and Raley, 1995), and these living arrangements have been found to improve economic well-being outcomes, at least in the short-run, for female-headed families (Manning and Lichter, 1996; Snyder and McLaughlin, under review; Trent and Harlan, 1994). Recent studies find that among female headed families with children, those headed by a grandmother have better economic outcomes compared to other female-headed families (Snyder, McLaughlin and Findeis, under review).

What prior studies have not considered is the disparity in income and wealth among potential grandparents, in many cases people over 60, and how these disparities may affect the well-being of residential grandchildren. Crystal and Shea (1990) write about inequality among elders using the notions of cumulative advantage and cumulative disadvantage (see also O’Rand 1996). This perspective suggests that those with better educations, more innate ability, good health, and non-minority status throughout their lives tend to accumulate advantages—better jobs with retirement benefits, higher incomes that enable them to build assets and wealth, and health insurance. Disadvantages also are cumulative. Poorer education, ability, health or being a member of a group discriminated against in the labor market prevents individuals (and families) from garnering resources for the future—for their old age. Cumulative advantage and disadvantage translates into substantial variations in economic well-being among elders, as well as disparity in health.

Women can be particularly at risk in old age since a larger proportion of women than men are currently old, were not in the labor force, or had intermittent labor force participation. Thus

they were unable to accumulate earnings and benefits or to contribute as much to Social Security. Many older women were, and still are, dependent on their male partners' higher earnings and work stability to ensure their economic well-being in old-age. Marital dissolution places older women at severe risk for low incomes and poverty (McLaughlin and Jensen 1993), as does becoming widowed. This risk is changing as younger cohorts of women obtain more extensive labor force participation, but the gender earnings gap still contributes to women's higher poverty.

The cumulative advantage and disadvantage perspective raises questions about which of these households are most likely to contain grandchildren. Just as advantages and disadvantages accumulate over the life course, these same advantages and disadvantages can be passed down to children. The adult children most in need of assistance from their parents are more likely to be those from households that had more limited resources and less educated parents. This intergenerational transmission of disadvantage, if in fact it occurs as systematically as theory would suggest, means that the grandparents least able to support grandchildren may be those most likely to have to do so. This study will begin to assess whether this is the case, and if public transfers are an important income source for these families.

The cumulative advantage and disadvantage ideas have mostly been applied to elders. Yet, if we consider biological constraints on childbearing, it is unlikely that the oldest old will be those caring for grandchildren. The young old (those in their late fifties and sixties), and even those much younger may be grandparents with grandchildren in their households. This theoretical perspective still applies, particularly if advantage and disadvantage are transmitted across generations.

We need to be mindful though that poverty is only one well-being outcome for families

and children. Despite the documented economic gains of cohabitation for families with children (Snyder and McLaughlin, under review; Snyder, McLaughlin and Findeis, under review), other evidence suggests that children in cohabiting unions often fare worse on many developmental outcomes (Dunifon and Kowalski-Jones 2002). This disadvantage has been linked with the inherent instability in these households that contributes to poor outcomes for children (Alvrecht and Teachman 2003; Cherlin and Fonby 2004; Crowder and Teachman 2004; Manning, Smock and Majumdar 2004). In contrast, the recent rise in grandparent-headed households may be promoting greater family and residential stability for children. Children are living in grandparent-headed households often times because their parents have financial and other problems that require parenting help from others (Goldman and Silverstein, 2002). The parental households likely contribute to instability in children's lives, and living with grandparents may promote stability for their grandchildren. Recent studies find that children who live in a grandparental home have developmental outcomes (educational, delinquency and sexual behavior) that are on par with those observed in two parent married families (Delere and Kalil, 2002).

Data and Methods

We use recently available data from the 5% Public Use Microdata Sample (PUMS) of the 2000 U.S. Census of Population and Housing to closely examine grandparent-headed household with children, and children living in grandparent headed households. The sample size of the 5% PUMS is large enough to study grandparent households where grandparents are caring for one or more grandchildren, the stability of the grandchildren's residence with the grandparent, and

economic well-being. In addition, the 5% file enables us to examine how this varies by grandparent household type (male headed, female headed, married couple headed) and race/ethnicity of the household head. The 5% sample has approximately 14 million people (unweighted) and includes person and household level variables related to demographic characteristics, family and household structure, income and poverty, housing, and employment. Weighted analysis makes the 5% PUMS sample representative of the US population in 2000.

Two data files were created to address these research questions: a household level file and a person level file. For the household level file, the person-level variables (including household head and child characteristics and household members' income sources) are appended to the household-level PUMS file. For the person level file, all the household level variables are appended onto the person-level PUMS file. Thus, each household and person record in our constructed files contains all the original household-level variables, plus income variables for all household members, and individual characteristics of the household head and children.

Measures

Our analysis includes measures of grandparent-headed households with children (male headed, female headed, married couple headed), duration of the grandchild's residence in the grandparent's household, individual characteristics of children and household heads (race, age, gender), human capital of household heads (employment and work effort), measures of residence (nonmetro, central city and suburban residence), region, and economic well-being outcomes (household poverty and income packaging).

Grandparent-Headed Households. We identify grandparent-headed households using the

expanded household relationship variable (relate) in the person-level file from the 2000 PUMS. Among these households we then identify those that contained children under age 18 and those that did not. *Grandparent* headed households are those that report the presence of at least one grandchild. Three mutually exclusive grandparent-headed household types with children are examined: *female-headed grandparent households*, *male-headed grandparent households*, and *married couple households*.

Stability of Grandparent-Headed Households. The PUMS contains a measure of the duration of the care-giving arrangement. The five-levels include: less than 6 months, 6 to 11 months, 1 or 2 years, 3 or 4 years, 5 years or more. We use this measure to assess the stability of the grandchild's residence with the grandparent, while recognizing that this one-point-in-time snapshot captures some of these households at the beginning of what could be a long period of stability. Despite this, variations in stability across sociodemographic characteristics of the head, provide indirect evidence of the patterns that occur over time.

Measures of Economic Well-Being. Several measures of economic well-being are used, all calculated at the household level. Prior studies find that regardless of family type, households tend to pool their economic resources (Oropesa, Landale and Kenkre 2003). Moreover, qualification for TANF and other forms of public assistance is determined based on total household income resources, rather than just the resource reported by the household head. Thus, the household level is appropriate for examining indicators of economic well-being. The household income-to-needs ratio (what we call the poverty ratio) and household poverty (whether a household has an income-to-needs ratio less than or equal to one) are determined for each household. The *poverty ratio* is calculated using the total household income and the income

needs levels from the poverty threshold tables from the U.S. census in 1999. Income thresholds are provided for households containing up to nine or more members and eight or more children. The poverty ratio can vary from zero to a very large positive value, indicating that household income far exceeds the poverty level. *Household poverty* is equal to one if the household had an income-to-needs ratio of one or less. It is set equal to zero if the ratio is greater than one.

In addition to measures of poverty based on total household income, we are interested in income packaging in grandparent-headed households with kids, and how this varies by type of grandparent-headed household, and race/ethnicity. To do this we calculate variables that describe the percent of total household income from the following sources: *earnings* (wage, salary and self employment earnings), *'other' income sources* (alimony and child support, income from veterans' payments, military income, and other periodic sources of non-earned income), *TANF* (includes only income received from the TANF program in 1999 and does not account for in-kind resources from public programs such as Medicaid and food programs, which are not measured in the 2000 PUMS), *social security*, *supplemental security income*, *retirement income*, and income from *interest* (includes interest, dividends, or net rental income).

Residence. The 5% PUMS further allows an accurate representation of place of residence. The "areatype" variable identifies nonmetropolitan residents, those in mixed nonmetropolitan and metropolitan areas, and three categories of metropolitan residents (central city, outside central city, and mixed central city and outside central city). Analyses of residence by household type and poverty revealed that the mixed metro category households more closely resembled metro-suburban households, and they are classified as such. It is not possible to determine residential location of households in the mixed metro and nonmetro category, and we

classify these households as *not identified*. The *not identified* households comprise approximately 6% of all households in our sample and are not reported in the descriptive tables, but are included as a residence category in the multivariate analyses. Thus, the residence variable has four categories: *nonmetro*, *metro-central city*, *metro-suburban*, and *not identified*.

Region. Region indicates the region of the United States where the household is located and includes the following categories: *Northeast*, *Midwest*, *South*, and *West*, using census regions.

Individual Characteristics of the Children and the Household Heads. We include measures of the children and the household head's demographic characteristics as explanatory variables in our models predicting poverty. For both children and household heads this includes *Age* and *Race/Ethnicity* (non-Hispanic White, non-Hispanic Black, Hispanic). For household heads, *Marital status* indicates current marital status in four categories: *currently married*, *divorce/separated*, *widowed*, and *never married*. *Education* captures the head's highest educational attainment in 2000: *less than a high school education*, *high school education only*, *high school education plus some schooling other than college*, *four-year college education or more*. The *work effort* measure is a continuous variable that combines the hours and weeks worked by the household head in 1999 divided by 100.

Results

Tables 1 and 2 describe some characteristics of children who live in grandparent-headed households, and the household heads. Approximately 6.4% of all U.S. children live in a household headed by a grandparent. The age distribution of these children falls mostly evenly

across the childhood years, although nearly 8% are infants less than one year of age. Over half of children living in a grandparent household are non-Hispanic White (55.1%), and a disproportionate share are non-Hispanic Black (35.9%). Approximately equal proportions live in married couple and female headed grandparent households (~46%), and many fewer live in a male headed grandparent household (see Table 1).

Household heads are mostly married (48.2%) or female heads (45.2%), and many fewer are unmarried male heads (6.6%). Most grandparent household heads caring for children are between 45 and 64 years of age (60.1%), 14.1% are younger grandparents, less than 45 years old, and only 25.8% are 65 years or older. Most household heads have a high school graduation (21.9%) and nearly one-third have less than a high school education. Approximately 16% of these households have poverty level incomes (see Table 2).

Future analyses will closely examine residential stability and income packaging among these households with children, paying special attention to the combination of public and private income sources, racial variations, and variation by household income quartiles. Finally, we will model household poverty and residential stability of these households.

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Table 1. Description of Children in Grandparent-Headed Households	
Variable	Percent
Percent of all children who live in grandparent-headed household	6.4%
Among Children Who Live in Grandparent-Headed Households:	
Age	
Less than 1 year	7.8
1-5 years	30.0
6-12 years	35.6
13-17 years	26.6
Race/Ethnicity	
Non-Hispanic White	55.1
Non-Hispanic Black	35.9
Hispanic	9.0
Type of Grandparent Headed Household	
Married Couple	46.9
Female Headed	46.2
Male Headed	6.9

Note: all percentages weighted using standardized household weight.

Table 2. Description of Grandparent-Headed Households	
Variable	Percent
Percent of all households with children that are headed by a grandparent	6.8%
Among Grandparent-Headed Households:	
Grandparent-Headed Household Type	
Married-couple headed	48.2
Female-headed	45.2
Male-headed	6.6
Age of Household Head	
Less than 45 years	14.1
45-54 years	31.0
55-64 years	29.1
65 years or older	25.8
Education of Household Head	
Less than high school education	32.0
High school education	41.9
Greater than high school education	17.5
College education or higher	8.8
Average Work Hours of Household Head in 1999	1,907 hours
Percent Household Poverty	16.7

Note: all percentages weighted using standardized household weight.