

## **Economic Status of Grandparent Headed Households Before and at Time of Acquiring a Co-Resident Grandchild**

The 1990-2001 waves of the Panel Study of Income Dynamics (PSID) were used to examine change in the economic status of grandparent-headed households before and at time of acquiring a co-resident grandchild. A nationally representative longitudinal data collection, PSID provides unique insight into the economic consequences of household demographic change. Study results indicate that taking a grandchild into a grandparent home can generate substantial economic changes.

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### **Introduction**

Between 1980 and 1997, the number of grandparents with a co-resident grandchild increased 70%, as compared with a rise of only 4.5% from 1970 to 1980 (Bryon & Casper, 1999).

Previous research has focused on family characteristics post-transition or has interviewed small, localized samples to learn about the impact of the transition on the grandparent household. This study uses the 1990-2001 waves of the Panel Study of Income Dynamics (PSID), a nationally representative, longitudinal survey of American families, to examine the characteristics of grandparents who assume care of a minor-aged grandchild and evaluate how those characteristics change after bringing a grandchild into the home.

### **Findings**

Individuals identified as either a grandparent with a co-resident grandchild (under age 18 with no parent present; n = 183), or a grandparent with no grandchildren residing in the home (n = 1676) were selected for this study. Households with 3 generations present (i.e. grandparent, adult child, and grandchild) were excluded from the current analyses.

PSID collects limited information on all family members and detailed information on family level variables, including characteristics of the family head. Since our analyses required data from the family level file, in years other than the year a person became a custodial grandparent, the head of the family may or may not be the grandparent. Thus the data refer to the family in which the grandparent resides.

This study compares grandparent households with a co-resident grandchild with traditional grandparent households (household head is a grandparent, but no grandchild is co-resident). Preliminary results indicate that, at the time of transition to a co-resident grandchild, custodial grandparents were younger and had a larger family size, on average, than traditional grandparents did (see Table 1). Custodial grandparents were more likely to be employed; over half were married. While most custodial grandparents were white, they were more likely than traditional grandparents to be black. Custodial grandparents were more likely than traditional grandparents to be poor.

When a grandchild joined the home, average labor income for the grandparent headed household decreases while average transfer income increases (see Table 2). Average expenditures for childcare and food increase, while, interestingly, food stamp expenditures decrease. Housing expenditure, both rent and mortgage, declined (see Table 3).

### **Who Becomes a Custodial Grandparent?**

Event history analyses were conducted to determine the “risk” factors for becoming a custodial grandparent using family factors for the year before transition. Person year files were constructed. Logistic regression was used to predict becoming a custodial grandparent. Data were weighted to approximate characteristics of the U.S. population.

Grandparent homes that had a younger, nonwhite head, with fewer years of education and better health faced significantly higher risk of becoming a custodial grandparent (see Table 4). The risk was relatively lower for grandparent headed households with less income and more children in the family unit.

### Conclusions

Characteristics of heads of families and families are important predictors of the transition to custodial grandparenthood. Custodial grandparenthood is associated with increased childcare and food expenditures. Custodial grandparents on average experience a decrease in housing cost and total family income, but the decrease is smaller than that experienced by traditional grandparents. Although transfer income to heads and wives of both custodial and traditional grandparents increase, the traditional grandparents experience a greater increase than custodial. But this difference may be offset if other members of custodial grandparent families receive income that traditional grandparent families do not receive.

Table 1  
Sample Characteristics (weighted data)

Variable	Custodial (n = 183)		Traditional (n = 1676)	
	Median	Mean (SD)	Median	Mean (SD)
Age of head	53.00	51.90 (59.59)	61.00	60.34 (48.55)
Age of wife	49.00	49.14 (49.30)	58.00	57.53 (47.43)
# in family unit	3.00	2.69 (5.01)	2.00	1.96 (4.40)
	Custodial (%)		Traditional (%)	
Employment Status				
Working now	58.55		49.16	
Looking for work, unemployed	6.55		1.91	
Retired	22.91		37.34	
Permanently disabled; temporarily disabled	6.18		5.36	
Keeping house	3.64		5.27	
Other	1.92		.95	
Marital Status				
Married	52.38		55.74	
Never married	13.57		.98	
Widowed	19.38		22.67	
Divorced/Separated	14.67		20.61	
Race				
White	74.16		89.00	
Black	23.99		9.21	
Other	1.85		1.79	
Sex				
Male	63.19		63.36	
Poverty Status				
Below poverty	14.22		9.80	

Table 2

Change in Annual Income From Year Prior to Transition to Transition year for Custodial and Traditional Grandparents (in 1990 dollars)

	<b>Custodial Grandparents</b>		<b>Traditional Grandparents</b>	
	Average change from year prior to transition to transition year	Average change from year prior to transition to transition year (excludes cases who report 0 at both times)	Average change from year prior to transition to transition year	Average change from year prior to transition to transition year (excludes cases who report 0 at both times)
Total family income	-4259.04 (183)*	-4259.04 (183)	-3055.99 (1676)	-3055.99 (1676)
Transfer income head & wife	444.10 (183)	665.71 (121)	635.04 (1676)	955.30 (1099)
Transfer income other family	344.71 (183)	2659.65 (32)	-396.57 (1676)	-2962.17 (248)
Head labor inc	-2173.02 (183)	-2935.88 (118)	-1960.33 (1676)	-2724.57 (1041)
Wife labor inc	-1548.08 (183)	63.13 (167)	-537.62 (1676)	-253.28 (1614)
Social security income (family)	-107.88 (183)	-250.67 (81)	290.07 (1676)	590.51 (775)
Wages & salary of head	-2100.17 (183)	-2762.86 (128)	-1925.46 (1676)	-3267.84 (1002)

\*number in parenthesis

Table 3

Change in Annual Expenditures From Year Prior to Transition to Transition year for Custodial and Traditional Grandparents (in 1990 dollars)

	<b>Custodial Grandparents</b> (n = 183)		<b>Traditional Grandparents</b> (n = 1677)	
	Average change from year prior to transition to transition year (n)	Average change from year prior to transition to transition year (excludes cases who report 0 at both times) (n)	Average change from year prior to transition to transition year (n)	Average change from year prior to transition to transition year (excludes cases who report 0 at both times) (n)
Child care	141.47 (154)	780.47 (25)	-10.88 (1659)	-594.95 (38)
Total food	369.16 (157)	369.16 (157)	-215.79 (1633)	-216.06 (1632)
Food stamps	-1.95 (166)	-15.82 (32)	-4.07 (1671)	-51.33 (219)
Rent	-85.52 (152)	-290.77 (54)	-196.70 (1592)	-982.13 (451)
Mortgage	-78.21 (166)	-162.53 (76)	-213.02 (1667)	-570.70 (617)
Housing (rent & mort.)	-174.94 (151)	-229.65 (123)	-421.34 (1589)	-734.98 (1031)

Table 4

Logistic Regression Predicting Becoming a Custodial Grandparent

	Year Prior to Transition Person years (n = 14,793)	
	Estimate	Odds Ratio
Intercept	-1.172***	-----
Age (years)	-.031***	.969
Race (1 = non-White; 0 = White)	.510***	1.665
Education (years)	-.127***	.881
Income (logged 1990 dollars)	-.039**	.962
Health (1 = excellent; 5 = poor)	-.164***	.849
Marital status (1 = married; 0 = other)	.074	1.077
# of children in household	.056**	1.058
# of hours work at main job	.007***	1.007

**Reference**

Bryson, K. & Casper, L. M. (1999). Coresident grandparents and grandchildren. *Current Population Reports Special Studies*. P23-198.

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