

# The Value of Support: Private Safety Nets among Families with Young Children

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## Extended Abstract

Using data from the Fragile Families and Child Wellbeing study, this paper examines estimates the dollar value of private safety nets/social support among families with young children.

## Background

A number of studies have documented the importance of private safety nets in helping families make ends meet (e.g. Edin and Lein, 1997; Henly, Danziger, & Offer, 2005), linking social support with improved outcomes for families and children (e.g. Ryan, Kalil, & Leininger, 2009; Henly, 2002; Knox, Long, & Scott, 2003; Gordon, Chase-Lansdale, & Brooks-Gunn, 2004; Harknett, 2006). Despite strong evidence suggesting the importance of private safety nets for family wellbeing, little is known about the economic value of private support. Outside of the private financial transfer literature, little research has estimated the economic value of the private safety net.

To address this gap in the literature, this study estimates the value of private support among families with young children, using data from the Fragile Families and Child Wellbeing Study (FFCWB). We focus on three types of social support: childcare from kin or friends, doubling up (moving in with kin or non kin), and private financial transfers. Specifically, we aim to answer the following questions: 1) What is the dollar value of private support as measured by child care, doubling up, and cash transfers? 2) What are the packages of support that families receive (usage and combinations of types of support)? 3) How does the estimated value of private support compare with the value of public safety nets (WIC, TANF, UI, SSI, SNAP), as well as other sources of economic support (household income and earnings)? And 4) do the packages of support, and the overall economic value, vary by demographic characteristics (race/ethnicity, marital status, education, income/employment)?

## Prior Literature

The literature on social support, sometimes referred to as the private safety net, is extensive and encompasses many types of support. Families may receive support from friends and family in a number of ways: residential support, emotional support (having someone to talk to), perceived support (belief about the ability to receive assistance when needed), or various types of instrumental support (financial transfers, childcare, assistance with transportation). As a result, the literature on private support is extensive, with studies focusing on particular types of support, like financial transfers (e.g. Schoeni, 1997; Mazelis & Mykyta, 2011), or particular sources of support – such as transfers from parents (e.g. Hogan Eggebeen & Clogg, 1993). Many studies also document predictors of social support (e.g. Fingerman, Miller, Birditt & Zaritt, 2009; Turney & Harknett, 2010; Swartz, Kim, Uno, Mortimer & Bengtson O'Brien, 2011; Harknett & Hartnett, 2011; Harknett & Knab, 2007). Another large literature studies how types of social support affect outcomes such as parenting, child wellbeing, economic wellbeing or human capital formation (e.g. Henly, 1997; Harknett, 2006; Meadows, 2009; Ryan, Kalil & Leininger,

2009; Cooley & Unger, 1991). In general, these studies find that social support, be it perceived, emotional or instrumental, is generally associated with improved outcomes, suggesting that social support is an important predictor of the wellbeing of families.

The social support literature also emphasizes the financial value of support. Studies have linked the availability and use of social support with the use of public support (McDonald & Armstrong, 2001) and have found that kin resources can serve as a substitute for public aid, but that receipt of welfare is associated with lower likelihood of coresiding with kin (Hao, 1995). Despite a strong recognition of the financial importance of social support, outside of the private financial transfer literature (e.g. Haider & McGarry, 2005), few studies have estimated the financial value of social support (excepting Pilkauskas, Garfinkel & McLanahan, 2013 on doubling up). The current study moves beyond earlier research to estimate the value of social support including private financial transfers, the rental savings from coresidence with kin or nonkin (doubling up), and the childcare savings from using kin for childcare (versus private childcare). Families may receive other kinds of instrumental support (such as transportation or assistance with housework), but we cannot estimate the value of those types of support with these data. Even though we likely underestimate the value of the private safety net, the current study is the first to look at the estimated dollar value of multiple sources of private social support.

Private support is common among families with young children. Census estimates suggest that about 51% of children under 5 (or 31% of all children) who are in some sort of child care arrangement are cared for by a grandparent or another relative. In terms of doubling up, studies find that about 1/5 children lives in a doubled up household (Kreider & Ellis, 2011). In the FFCWB study, about 22% of households are doubled up on average but nearly 1/2 of mothers have doubled up at some point during the first 9 years of their child's life (Pilkauskas, Garfinkel & McLanahan, 2013). Similarly, estimates of three-generation coresidence in the FFCWB find that 42% of children live with a grandparent by age 9 (Pilkauskas, 2012). Lastly, estimates of the value of private financial transfers vary largely from an average of about \$400 a year for the full population (Schoeni, 1997) to \$6500-7500 for women (Haider & McGarry, 2005). Estimates from studies using the FFCWB study find transfers in the \$1200 to \$725 a year depending on the age of the child (Radey & Padilla, 2009; Gottlieb, Pilkauskas & Garfinkel, 2013) and find that about 28% of mothers receive transfers.

A large literature has documented differences in kin support by race/ethnicity and has generally found that minorities have larger kin support networks than white families, but there are differences in types of support. On the whole, studies find that household extension is more common among black households (and Mexican Americans; Sarkisian, Gerena, & Gerstel, 2007) than white households (Hao & Parish, 1990; Kamo, 2000), but some studies find that these differences disappear when accounting for marital status (Hofferth, 1984). Studies also generally find that whites receive greater financial support than blacks from their extended networks, even when accounting for marital status (Hofferth; 1984; Sarkisian & Gerstel, 2004; Parish, Hao & Hogan, 1991; Jayakody, Chatters & Taylor, 1993; Radey & Padilla, 2009). In terms of childcare, studies have documented that black mothers get more free child care than white mothers (Hogan Hao Parish 1990; Sarkisian & Gerstel 2004; Parish Hao and Hogan 1991), whereas others have found not racial differences (Jayakody, Chatters & Taylor, 1993).

Research has also found that socioeconomic status is an important predictor within racial groups of the provision of assistance (Sarkisian, Gerena and Gerstel 2007; Sarkisian & Gerstel, 2004) and that marital status is generally associated with lower levels of kin support (Sarkisian &

Gerstel, 2008). In comparison, a study using the FFCWB found few differences in financial transfers by marital status but large ones by income (Gottlieb, Pilkauskas & Garfinkel, 2013). We add to the literature on differences in the provision of social support by race/ethnicity, marital status and economic wellbeing by studying the economic value of this support. By considering the value of multiple sources of support we can compare whether the total value of support varies by demographic group or whether particular types of support vary. For example, if black mothers receive more kin care and are more likely to double up, but are less likely to receive financial transfers, on net, is the financial value of private support for black mothers comparable to white mothers who receive more transfers?

### Data and Methods

To study private safety nets we use data from the first 4 waves of the Fragile Families and Child Wellbeing Study (FFCWB), a longitudinal study of approximately 5,000 urban births that were randomly sampled between 1998 and 2000 with an oversample of non-marital births. The data are representative of births in large cities (populations over 200,000). Mothers and fathers were interviewed at the time of the birth of the focal child and follow-up interviews were conducted when the child was 1, 3, and 5. Data from the Age 3 Fragile Families Child Care Study was also utilized to obtain data on childcare costs (N~800). The FFCWB study is particularly well suited to this research as the longitudinal nature of the data allows us to estimate the value of support over time among families with young children. We focus on young children because there is ample evidence to suggest that families with young children receive more support (Fields, 2003; Hogan, Eggebeen & Clogg, 1993), but also because the effects of the private safety net might be very important during this developmental period. The oversample of non-marital births permits us to investigate heterogeneity in private safety nets by mother's relationship status comparing single, cohabiting and married mothers. In addition, the oversample results in a very racially diverse sample, ideal for studying racial/ethnic differences in social support.

We examine three important sources of social support: childcare provided by friends and family, doubling up – living with kin or non-kin, and private financial transfers. Private financial transfers are measured in annual dollar amounts. To estimate the financial support received from childcare we estimate the savings from the use of kin childcare. Using data on the hourly cost of kin care and the hourly cost of private childcare, we estimate an hourly kin care savings value. Mother's childcare savings are then estimated based on the type of childcare she reports using, multiplied by the hours of childcare she uses. Similarly, for doubling up we estimate the rental savings to doubling up by predicting the rent that mothers would have paid in the absence of doubling up (using a prediction equation based on rent paid by mothers who are not doubled up) and subtract the rent mothers actually pay. Finally, we create an overall estimate of the value of support for each mother based on her receipt of private support.

### Initial Results

About half the sample has their child in childcare by age 1 and by age 3, 60% of children are in childcare (and only 19% at age 5 as many children start school). Among the children in childcare, close to half receive childcare from a grandparent (34%) or other kin (16%), but over time the percent of children in kin-care decreases to 33% as more children use private childcare. Doubling up is very common shortly after the birth, 29% of mothers are doubled up at age 1 but by age 5 this decreases to 18%. Doubling up with a grandparent (mother's parent or in-law) is

most common (about 2/3rds) and about 20% double up with nonkin. Nearly 1/3 mothers receive a private financial transfer, and again the grandparents are most likely to provide that support (about 75%). On average – about 50% of mothers receive no form of private support. Just receiving a private financial transfer is most common (18%), but many mothers receive multiple forms of support (about 20%).

Table 1: % Receiving Private Support by Child's Age

	Age 1	Age 3	Age 5	Avg 1-5
Child Care				
% in Child Care	49.99	58.58	18.74	-
In School	-	-	65.35	-
Provider Type (among those in childcare):				
Kin	49.84	32.08	45.74	50.13
Daycare	50.16	67.46	53.68	49.87
Doubled Up	29.12	22.55	17.49	29.12
Received a private financial transfer	32.69	21.93	26.64	32.51
Received at least 1 form of private support	59.49	47.81	43.56	59.49
N	4,321	4,165	4,047	-

Note: Data are weighted by city weights.

We estimate that the savings to using kin care instead of private child care is roughly \$1.66 hour, which translates to approximately \$50 a week. The rental savings to doubling up are large, on average about \$230/month. Lastly, the average private financial transfer is about \$2500 a year. When we consider the value of private support (in yearly terms), we find that the value of kin care is roughly \$2500/year, doubling up is worth about \$2700/year and private financial transfers are about \$2500/year.

Table 2: Estimated Average Economic Value of Kin Support by Type and Age

	Age 1	Age 3	Age 5	Avg 1-5
Kin care	\$ 2,740	\$ 2,420	\$ 2,669	\$ 2,586
Doubling up	\$ 3,266	\$ 2,823	\$ 1,838	\$ 2,737
Transfers	\$ 1,908	\$ 2,328	\$ 3,508	\$ 2,509

Differences by marital status and by race/ethnicity suggest that those that might be most economically needy (single mothers, or Black/Hispanic mothers), receive more private transfers, in terms of value. Relative to mother's earnings (mean of about \$18,000) kin support is a relatively large source of support. Relative to public cash transfers, including SSI, TANF and UI (mean of about \$3500/year among mother's who receive them), private support is similar or greater in value. Initial findings suggest that the estimated economic value of private support is quite large.