Study News

How Time Flies!

It hardly seems as if more than a year has gone by since we last interviewed most of you. Perhaps that's because even with the new "every other year" interviewing schedule, we've been as busy as ever. We hope you had an enjoyable "off" year in 1998—we're sure you've been busy, too. The next "on" year for the study is 1999, and we expect to start interviewing in early spring. We're looking forward to speaking with you again.

New Questions

We will be asking you about several new topics in 1999. We already have a lot of information on the financial well-being of many different kinds of families, but not much on topics such as food security, nutrition, health, welfare reform, vehicles and pensions. Researchers want to study these topics along with the financial information we already collect about families.

For instance, even though the U.S. economy has been doing well, over 10 million Americans do not have enough to eat. Over 4 million of these Americans are children. And most of the families have at least one person working. Your answers to our new questions about food will help researchers figure out what types of families are having a more difficult time. When public policy makers see this information, they can make plans to improve the nutrition outlook for the nation.

We've been asking general questions about health for many years. This year we will ask for more detailed information. This will help researchers look at the link between health and family well being. Another special set of questions will help us learn what Americans know about nutrition and how it affects their health.

The study has always asked about welfare. Now, after the sweeping welfare reforms of 1996, some families are no longer eligible to receive cash assistance. We've added some questions in order to learn how these families have been faring. We are also interested in knowing about help received from other sources when families are in need. This kind of help might come from families or private groups.

We also added questions about pensions and the purchase and leasing of family vehicles. This will tell us more about household wealth and savings.

Finally, starting in 1984 we've asked a set of questions about assets and savings every five years. In 1999, it will be time to ask them again. Your answers to these questions tell us what factors make a family's financial position stronger or weaker. The factors might be changes in income or unexpected expenses. They could also be factors

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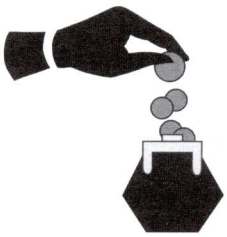
outside the household, such as changes in the housing market. Even changing beliefs, values and expectations can play a role. How do all of these affect the financial management choices of a family? Later on in this *Report* there's a story about some of the interesting things we found out from your previous answers.



New Ways to Ask Old Questions

Even though we didn't conduct the regular interviews in 1998, we did ask some of you for help with a small study. We wanted to see if we could improve the way we ask certain kinds of questions. Of the 911 households we contacted, 758 (or 83.2%) helped us out. Our heartfelt thanks to you for giving us your time and effort even in your "off" year.

The new way of asking questions was designed to help you remember events that happened longer ago than just one year. Participants in this special study were asked a short version of our normal set of questions. The main difference was that we asked these participants in 1998 about events that had occurred as long ago as 1996.

With some of you, we asked the questions in the usual format. With others we first asked about major events that occurred in that period, perhaps a marriage, a new job, or the birth of a child. We hoped that using these events as "landmarks" would help study members recall other events and their timing—perhaps you moved a month before you got a new job in a different location. Or your job promotion with higher pay came a few months after the new baby.

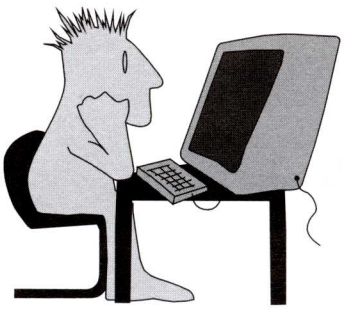
If we find that this new way of asking the questions helps, we may use it for the regular study in the future.

More Like the U.S., Part 2

In our last issue we told you about our efforts to keep the study representative of all the types of families who live in the U.S. Since the study began in 1968, the U.S. population has changed considerably, mostly due to immigration. In 1997, we welcomed 441 new families into the study who were the first or second generation of their family to reside in this country. Many of the other families we spoke to would also have been eligible for study membership, except that they had not lived in this country long enough. We'll be going back to these families in 1999 to ask them to participate.

Our New Look

With this issue of the *Report*, we've added some new features that we hope you'll enjoy. Many of you ask for the "results" of the study each year. The aim of the study is to maintain a database of economic and sociological information about a nationally representative group of families. Researchers can then use the information to study a wide range of topics. So the "results" of the study are actually all those bits of information that we process and prepare for researchers around the world to



analyze. In *FES by the Numbers*, we'll tell you some of the interesting facts we learn about you as a group.

Every year our interviewers report that some study members have asked questions about how the study works. *Behind the Scenes* will give you some answers to the most commonly asked questions.

We want all our study members to feel proud of their contribution to such a highly regarded and widely used research project. In *FES in the News*, we'll list some of the magazine and newspaper articles that have mentioned research based on the study.

Over the past few years we've been trying to make the *Report* more informative and interesting. The new "newsletter" format helps us bring you more information than the old booklet format. We can include more study news and about twice as much information about research done on the basis of your interviews. If you have comments or suggestions, please tell your interviewer or write to us at:

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Behind the Scenes

The Study Sample

The group of families that are members of our study are known as our "sample". In order for research done with your data to reflect the U.S. population accurately, the sample must be nationally representative. That is, our nearly 7,000 families must be a lot like the nation's 97 million families and each study family represents thousands of other similar families.

Because of the way the study began, the sample is actually composed of two smaller groups. One of these is representative of the nation as a whole, and one of lower income households. To show you why, we'll give you a bit of study history.

In 1966, as part of President Johnson's War on Poverty, the Office of Economic Opportunity (OEO), commissioned the U.S.

Census Bureau to do a two-year study. That study's purpose was to survey changes in the earnings of low to middle income families.

At the end of the two years, the OEO contacted James N. Morgan, an economics professor at the University of Michigan, who was experienced in conducting family studies. They asked if he would be interested in following part of their Census sample for a while longer.

Professor Morgan agreed, on one condition: Michigan's Survey Research Center would combine the Census sample with a nationally representative sample of families at all income levels. This would provide enough lower income households to do reliable research on poverty issues. But it would also provide a way of comparing those households with other families of all income levels.

Now, of course, the Family Economics Study looks at a much wider range of social and economic issues. But all the research is still based on families from those two samples.

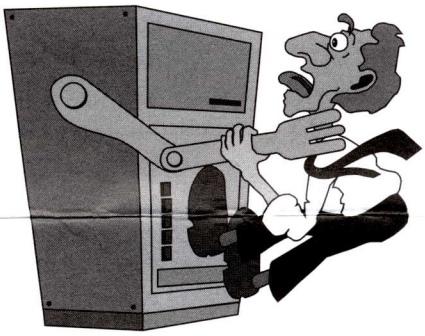
Certainly, the income level of many families could have changed a lot since 1968! But we expect the changes to reflect changes going on in the whole country.

Using Previous Answers

Study members often wonder why we ask the same questions year after year when the answers are unlikely to change. For instance, if you haven't moved, why do we keep asking how many rooms your house has?

There are several reasons. First, once the data is gathered, it goes through quite a lot of processing. This involves taking the information out of the computer program the interviewers use and putting it into very different programs, first for us to process it and then for use by researchers. The form in which it's collected is very different from the final form in which it is stored and released. Also, each year the interview is slightly different.

So putting the previous year's answers back into a form the interviewers could access would take months or years of work, not to mention more computing space and power than we have available.



Second, we spend enormous amounts of effort to keep your data confidential. One way we do this is by limiting access to the data. We also convert your answers to numbers and separate identifying information from the data.

Finally, study members do change their answers from year to year, even on these sorts of questions. For instance, someone may not have moved. But the number of rooms could change because of remodeling (adding a room, knocking out a wall). We wouldn't know unless we asked.

FES by the Numbers

The numbers on this page have not been statistically processed to make them representative of the U.S. population. They represent only the 6,791 families (19,306 individuals) that we interviewed in 1997.

All in the Family

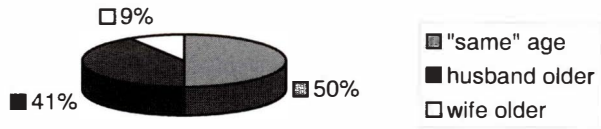
The most common family size is two people. Usually that's a married (occasionally unmarried) couple, but about one quarter are other combinations—perhaps a single parent and child, or a study member and his or her parent. Our largest family in 1997 had 12 people.

Of the families that had just one person, 643 were male and 796 were female. In 3-person families, the most common combination was husband, wife and child (735); only 49 had husband, wife, and someone who was not a child of either of them. The remaining 534 families of three had other combinations of members.

Number in family	Number of families	Percent of Total
1	1,439	21
2	1,838	27
3	1,318	19
4	1,268	19
5	608	9
6	194	3
7+	126	2

Age Differences

In about half of the married couples, the ages of husband and wife are within two years of each other. In only about 9% is the wife more than 2 years older.



Bringing Home the Bacon

In 1997, only 13.4% of families resemble the Ozzie and Harriet family of the 1950s. In most of the families with both a husband and wife, both are working.

Type of family	# of families	Percent of total
Husband & wife in family:		
two breadwinners	2,254	33.2
husband is breadwinner	911	13.4
wife is breadwinner	212	3.1
neither is breadwinner	473	7.0
Single head of household		
employed	1,836	27.0
not employed	1,106	16.3

Who Makes How Much

Here's some information on the 1996 income of families in the sample. The median income is $32,271. Half the families made less than that in 1996, half made more.

The top	made over	The bottom	made less than
1%	$240,188	25%	$16,900
10%	$120,350	10%	$7,800
25%	$56,820	5%	$4,620
50%	$32,271	1%	$150

Further Facts

Number of study family children born in 1996	340
Number of study families living in mobile homes	431
Number of study families who moved between spring '96 and the '97 interview	1354
Number of study families using food stamps	810
Number of study families who have food delivered to the door	898
Number of study families with income from a Veteran's Administration pension	61

Research Findings

FES in the News

Imagine being famous and unknown at the same time! Alas, that's the predicament of the FES respondent. The FES is widely reported and discussed. But when it "makes the news," the identity of all of you–the true "stars"–must still remain a secret. Even so, we thought you'd like to see where you appear in print. Here's a partial list of news articles that mention the study (usually by its official title, the Panel Study of Income Dynamics).

"The Cost of Children," *U.S. News & World Report*, 6/30/98

"Boom Is Fine—If You Own Stock; The Millions Who Don't are Only Falling Further Behind," *The Washington Post*, 4/7/98

"Money Tip, Value of Diploma Keeps Rising," *The Houston Chronicle*, 3/39/98

"Study Shows Income Gap Widens," *Chattanooga Free Press*, 3/22/1998

"Answers to Tax Questions About IRAs," *Idaho Falls Post Register*, 3/22/98

"Pat-on-the-Back Holiday," *Anchorage Daily News*, 3/19/98

"A 125% Solution to Card Debt Stirs Worry, Second-Mortgage Trend May Signal Economic Trouble," *The Wall Street Journal*, 11/17/97

"Dad's Good Habits Pay Off for Kids, Study Finds," *The Detroit News*, 8/14/97

"Is Lack of Money the Reason Kids Stay Poor?" *U.S. News & World Report*, 6/2/97

"Clean Beginnings Lift Children to Affluence," *Washington Times*, 5/14/97

"The American Dream Lives," *Wall Street Journal*, 2/14/1997

Children's Time

Children today spend about two hours more per weekday in a preschool or school program than they did in the early 1980s.

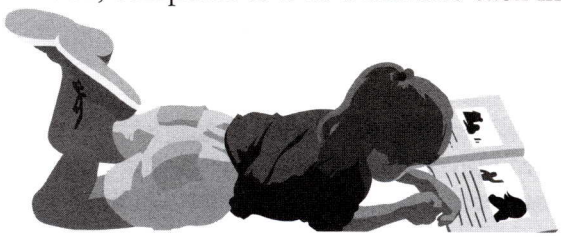
This is one of the findings by FES researchers based on data many FES families provided us last year. The researchers were able to compare the activities reported in time diaries by children and parents with an earlier study on children's use of time done in 1981. About 2,394 households, including about 3,600 children, newborn to 12 years old, participated in the FES Child Development interviews.

We wanted to discover how children actually spend their time. Where does this extra time in school come from? What other changes have occurred since 1981? Here are some of the results for children ages 3-11.

▫ **School** Children are spending much more time in structured environments (school and daycare). Weekday time for playing, eating, and watching TV decreased. Free time—time left over after eating, sleeping, school, etc.—decreased from 40% to 25% of a child's day.

▫ **Work** Very few kids in the study had paid jobs, such as a paper route or baby sitting. They did do more household work in 1997 than in 1981.

▫ **Academics** Boys spent more time studying on weekdays, increasing average minutes from 14 to 21. That's not that much in minutes, but it's a 50% gain. Girls didn't spend that much more time (from 19 to 22 minutes). On weekend days boys spent an average of 4 minutes a day studying and girls 9 minutes in 1981, compared to 5 to 6 minutes each in 1997. These numbers differ by age group. For instance, 9-12 year olds spend 35-40 minutes studying on weekdays, 11 on weekends.

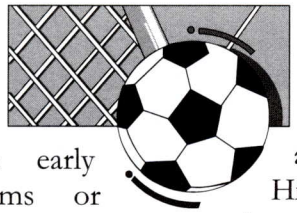


Neither boys nor girls spent more time reading, and times were similar for weekdays and weekends. In 1997, girls spent about 11 minutes a day while boys spent an average of 10. Time spent in reading varied little by the child's age.

▫ **Leisure** Participation in organized sports rose for both boys and girls. But boys still spend twice as much time this way as girls do. In 1997, boys spent 38 weekday minutes and 67 weekend minutes in sports compared to 19 and 38 minutes respectively for girls. Very little time was spent in other leisure activities such as hobbies or art. Outdoor activities time declined, perhaps because more outdoor time is now spent in sports.

Television The average amount of time spent watching TV on weekdays actually declined slightly from 2 hours in 1981 to 1½ hours in 1997, for both boys and girls. On weekend days, boys' viewing declined (from 3 hours to just over 2½) while girls' increased (from 2 to just under 2½), making the two sexes more similar than in 1981.

The 1981 study did not look at children younger than 3. The FES study found that infants and toddlers spend on average 2 hours per weekday in early education programs or childcare. Other activities were sleeping (12 hours), playing (3 hours), eating (1 hour, 40 minutes) and watching TV (1 hour, 10 minutes). Differences between weekends and weekdays are small at this age.



As children age, they spend less time on weekdays sleeping and playing, and more time in school and studying. Gender differences become more notable around age 6-8. Boys favor sports activities, while girls favor household work, personal care, visiting and art. Unstructured play declines faster for girls than for boys as they age.

The researchers also wanted to know the effect of other factors, such as the parents' income, education, and employment status, on what kids do. They found that:

- Children in families with either two breadwinners or a single working parent spend less time in free play than children in families with a male breadwinner and female homemaker.
- Children do more household work in male breadwinner/ female homemaker families than in any other family type.
- Children in single-parent families spend less time reading. Children in a family with a more educated head of the household spend more time reading. Children of older parents are more likely to read than children of younger parents.
- Girls spend less time in sports and boys spend more time as they grow older. When other factors are held equal, black and Hispanic children spend less time in sports than white children. In all families, the parents' income, employment status or education level did not make a difference in the amount of time their children spent in sports. Nor did family structure (presence of 1 parent or 2).
- Children in two-income families watch less TV than children in male breadwinner families. They spend less time at home and are likely to be in school. Children of higher income parents watch less TV than children of lower income parents. Children with more brothers and sisters watch more television.

Your information shows that children's lives have changed substantially in the past 16 years. Influences outside the family are increasingly important. The Child Development Study staff will continue to analyze the effects of home, school and neighborhood influences on child development over the coming months.

Parents' Friends and Children's Schooling

Can parents benefit their children's education by investing in a network of friends? Many family traits influence how much schooling children achieve as well as how well they do. One is parental income. Two more are parental education and whether the family has two parents. Social factors outside the family are also at work—neighborhood traits such as poverty, house values, and the proportion of youths who don't complete school.

Now a group of researchers have used your answers to examine another enormously important characteristic of the community: the kinds of resources that parents have through their social relationships. They've found that families who are more embedded in a network of friends and acquaintances outside their households are better able to further their children's education.

The researchers looked at individuals in the 1980 FES interviews who were age 11-16, and then at the same individuals when they were at least 22. We asked a special series of questions about money and time help in 1980. Some of the questions were about whether families received time or money help from relatives or friends. Others were about whether they perceived that they had access to time and money help in an emergency.

The amount of access to emergency help from non-household members represents

the stock of 'social capital' a family has built up for future use, much like savings are financial capital. They may make decisions based on their perceptions, regardless of whether they ever actually get the help.

Out of the sample for this study, 80% of the families reported access to time or money help from relatives, 23% reported access to help from friends, 4% had no access to help, but said they had themselves given help in the last five years, and 7% were socially isolated, neither giving nor having access to help.

Access to help *from relatives* did not appear to have an influence on how much school the children of the family completed. But children from high-income families whose parents had access to time or money help *from friends* had nearly a full year more of schooling. Similarly, almost 9 out of 10 children from high-income families with access to help from friends attended college. This is compared to 2 out of 3 for those without such access.

Moving had a large effect on schooling because it can disrupt the network of social connections a family has created. Children who moved two or more times between ages 11 and 16 had three-quarters of a year less schooling. For children from low-income families, moving even once had a harmful effect.

The effect of moves on college attendance was intriguing. For children of low-income families, moving one or more times cut the probability of attending college in half. Yet for children from high-income families, moving once was associated with a *greater* chance of going to college.

Why should access to help from friends matter, when help from relatives has no effect? While most people have access to help from relatives, regardless of whether they themselves help others, access to help from friends appears to be the result of "investment" in those social ties. The authors suggest that friends and acquaintances are linked to more extensive networks than relatives are. They are thus better sources of information about, for example, the locations and advantages of colleges.

Children and Welfare Reform

The welfare reforms of 1996 put limits on the time people could receive assistance. In 1995, about two thirds of all those receiving Aid to Families with Dependent Children (AFDC) were children. That's 9.4 million kids. When we look at the effects of the new laws, one of the most important questions to ask is: what happens to children of disadvantaged families?

States can now only offer cash assistance for up to five years. Yet researchers looking at the FES data found that a full 40% of children receiving AFDC did so for longer than that. That's 10 to 15% of all U.S. children. Nearly all of them lived in families that relied on AFDC for more than half their income for at least one year.

The adults who receive welfare for long periods usually have fewer skills and limited work experience. They are least likely to end welfare use successfully by getting and keeping a job. This suggests that the families most likely to be affected by this reform have few other resources to rely on.

Another consideration for policy makers is the age range of children in families receiving welfare. It is shifting from older children to much younger ones (ages birth to 5) because of changes in why families receive aid. Between 1969 and 1990 the share of cases eligible for AFDC because of the death of a parent declined from 5.5% to 1.6%. The cases eligible because of separation or divorce also declined. In contrast, the share of cases eligible because the parents never married rose from 27.9% to 54%. Death, separation and divorce tend to occur later in life than births to unmarried women.

These findings suggest that welfare reform and other policies directed at poor families should pay special attention to the ages of the children involved. A recent study based on FES data found that deep poverty in early childhood profoundly affects achievement in later years. A $400 decrease in a poor family's monthly income for the first five

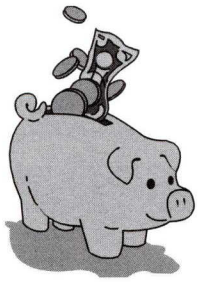
years of a child's life decreases the odds of graduation from high school by 66%. The same income change in middle childhood or the teen years has a much smaller impact.

Welfare reform and a booming economy are bringing people off aid and into jobs. Yet there will soon be increasing numbers of families running up against the new time limits. The young children in these families may be exposed to prolonged spells of severe economic deprivation in the most vulnerable period of their lives.

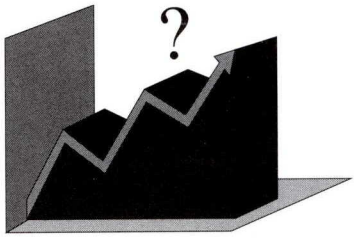
Wealthy, not Wise?

Starting in 1984, we've asked our series of questions about wealth every five years. Researchers have been able to compare your three sets of answers. Preliminary research is giving a picture of a nation that is at once wealthier but less inclined to save and more inclined to experience financial distress. Here are some of the initial findings.

The American economy has undergone a fundamental change in the last 10 years. Starting in 1986, our national savings rate declined to precariously low levels. Yet in spite of this, household wealth (including pensions) has grown substantially.



Your answers show how households can differ when it comes to building wealth. Some families are unable to commit any part of their current cash flow. Perhaps it's a young single person just starting out on a career and with a low pay rate. Or maybe it's a family of one or even two wage earners whose total cash flow goes toward children and household expenses. There are also families who do invest, but have suffered losses. These may be in a business, the stock market, or a decline in the value of their home.



Another surprising aspect of financial health of families is that some regional differences are weaker. It used to be that the New England and North Atlantic regions had a considerably higher average wealth than the Great Lakes region. On average, New England households had amassed $40,000 more in wealth than Great Lakes households. North Atlantic families had an average of $20,000 more. This was at a time when the median household wealth (excluding pensions) was $51,000. Yet between 1989 and 1994 these differences vanished.

Bankruptcy and other forms of financial distress are surprisingly common. In 1996, about 6% of families reported having gone bankrupt at some time. Other families reported having wages garnisheed, defaulting on loans, or consolidating debts as an emergency measure. It seems evident that a large proportion of U.S. households experienced major financial difficulties within the last decade.

In the 10 years between 1984 and 1994, the percentage of all families owning stock rose from 29% to 41%. The increase for black families was more modest, from 8.5% to 14.3%. Married couples are more likely than other family types to own stock or to become stock owners. But having children in the family holds back stock ownership, probably because of the increased demands they place on household income.

Interested in reading more? Here are some references:

"Changes in Children's Time, 1981-1997" by Sandra L. Hofferth and Jack Sandberg. Manuscript, Institute for Social Research, University of Michigan.

"Parents' Extrafamilial Resources and Children's School Attainment" by Sandra L. Hofferth, Johanne Boisjoly and Greg J. Duncan. In *Sociology of Education*, July 1998.

"Childhood Welfare Receipt and the Implications of Welfare Reform" by Patricia K. Smith and W. Jean Yeung. In *Social Service Review*, March 1998.

"How Much does Childhood Poverty Affect the Life Chances of Children?" by Greg J. Duncan, W. Jean Yeung, Jeanne Brooks-Gunn, and Judith R. Smith. In *American Sociological Review*, June 1998.

"The Wealth Dynamics of American Families, 1984-94" by Erik Hurst, Ming Ching Luoh and Frank P. Stafford. In *Brookings Papers on Economic Activity*, vol. I, 1998.