

## Campaign to Reduce Child Poverty

### Policy Brief #10

## The Invisible Caretaker

### *Grandparents as Parents in New Mexico*

#### Introduction

Grandparents are assets to families. They often provide parents with affordable, nurturing child care while they work, as well as the occasional much-needed respite from the demands of child rearing. For children, grandparents serve as role models and provide a source of stability during times of family upheaval. Increasingly, though, grandparents are also becoming the sole source of financial support, and the primary caretakers of their minor grandchildren.

Grandparents raising their grandchildren assume all of the responsibilities of parents but are frequently denied (or uncertain about) their legal rights and the support services they need in order to parent effectively.

This report focuses on grandparents who are responsible for their grandchildren. The 1996 Welfare Reform Act requires the Census Bureau to determine how many grandparents are acting as caregivers to their grandchildren, and the length of time for which they have been providing care. The 2000 Census was the first decennial Census to include questions about grandparents' responsibility for the grandchildren they lived with.

The grandparents analyzed here are those that maintained the household<sup>1</sup> in which their minor grandchildren resided, and reported that they had primary responsibility for their grandchildren in the 2000 Census. They are

hereafter referred to as "grandparents raising their grandchildren". Except where otherwise noted, the data contained in this report are specific to New Mexico and drawn from the 1990 and 2000 Census 5% Public Use Microdata Samples (PUMS). The grandchildren discussed are those who resided in a household maintained by their grandparent(s). Children who lived with their grandparents in a house maintained by their parents are not included in this report, nor are children who were cared for by their grandparents, but did not live with them.

Analysis of the most recent Census data reveals a significant increase in the numbers of grandparents parenting their grandchildren both in New Mexico and across the country. This report dispels assumptions and stereotypes about today's grandparents. Parenting grandparents are relatively young (average age is 54), and the majority are still working. Despite working, almost one third are poor. Closer to two-thirds have incomes below 235% of the federal poverty threshold - the income eligibility ceiling for Medicaid. But, 40-50% of New Mexico children being raised by their grandparents may be uninsured.



For most grandparents, raising their grandchildren is a long-term commitment. They are in particular need of the income and social supports available to low-income parents. Yet, due to legal, language or bureaucratic barriers, these sources of support are often unavailable to this deserving population. This report recommends several policy actions to reduce the poverty prevalent among grandparents raising their grandchildren.

**Children Living In Their Grandparent(s)' Home: A Significantly Increasing Trend**

In New Mexico, 40,603 children, (approximately 8% of all children) live in their grandparents' home. In only five other states - Alabama, Hawaii, Louisiana, Mississippi, South Carolina and the District of Columbia - do a larger percentage of children live in a home maintained by their grandparent(s). And, the number of New Mexico children living with their grandparents has increased by 45% since 1990.<sup>2</sup> Increases occurred in all of New Mexico's major racial and ethnic groups, ranging from 37% for Black children to 183% for Native American children. The increased percentage of New Mexico children living with their grandparents significantly exceeds that in the U.S. overall.<sup>3</sup>

**New Mexico Children Living in Their Grandparents' Home**

Race/Ethnicity	# of Children	% of total number of children in ethnic group who are living with grandparent(s)
Hispanic, all races	22,535	9%
White	6,934	4%
Black	1,043	12%
Native American	9,077	16%
Navajo	4,805	12%
Pueblo	3,537	31%
Other	735	-
Total	40,603	8%

**Grandparent-Headed Households: With and Without Parents Present**

Most of the children living with their grandparents also have their parents living in the same household. However, approximately one third (36%) of New Mexico children living with their grandparent(s) do not have parents present. The experience of children living with their parent(s) in a household headed by their grandparents can differ radically from the experience of children living with just their grandparents. Grandparent-headed households that include parents are considerably less likely to be poor than those that do not include parents. The presence of parents can also mean that parenting duties are shared by two or more adults, lightening the load of responsibility on any individual caregiver and creating a less stressful home environment. In New Mexico, Native American children are more likely than any other major racial or ethnic group to live with their parents in their grandparents' home.<sup>4</sup>

**All Children Living in Their Grandparents' Home\***

Race/Ethnicity	Parents Present	Parents Absent
Hispanic, all races	6%	3%
White	2%	2%
Black	3%	9%
Native American	11%	5%
Navajo	8%	4%
Pueblo	24%	7%
Total, all grandparent headed families	5%	3%

\*Parents present as well as absent



In New Mexico, the number of children living in “skipped generation households”, or homes maintained by grandparents that include grandchildren, but not their parents, increased by 122% between 1990 and 2000. The increased number of children in skipped generation households cannot be attributed entirely to the overall increase in New Mexico’s child population during during the 1990s. In 1990, approximately 1.5% of all New Mexico children resided in skipped generation households. By 2000, that percentage had increased to 2.9%. Other than population growth, some possible explanations for the increase in skipped generation households include teen parenthood, drug abuse and related child abuse and neglect, mental and physical illness, and incarceration of parents (Burton, 1992; deToledo & Brown, 1995; Edwards, 1998; Fullerton, Thomas, et al., 1997). Economic factors such as low wage rates and the high relative cost of child care; and government social policies such as welfare reform, kinship foster care initiatives, and expedited termination of parental rights in cases of abuse and neglect may also have contributed to this trend.

**Race and Ethnicity of New Mexico Children in “Skipped Generation” Households**

Race/ Ethnicity	1990 (# children)	2000 (# children)	% change
Hispanic	3,669	8,226	124%
White	1,443	2,833	96%
Black	550	751	37%
Native American	972	2,747	183%
Total	6,639	14,780	122%

However, the percent change between 1990 and 2000 in the number of New Mexico children in skipped generation households doesn’t tell the whole story. The population of Hispanic and Native American children increased markedly between 1990 and 2000, while the number of Black children grew slightly, and the number of White children decreased.

If the incidence of skipped generation households remained constant over the decade,

then the number of children in skipped generation households would have decreased for White children, increased modestly for Black children, and increased markedly for Hispanic and Native American children.

Instead, the percent of White children in skipped generation households increased from 1% in 1990 to 2% in 2000. The percent of Black children living in skipped generation households also increased, from 7% (550 children) in 1990 to 9% (751 children) in 2000.

Hispanic children in skipped generation households in 1990 were 2% of the total Hispanic child population, in 2000, they were 3%. The percentage increase for Native American children for the same 10 year period is harder to pinpoint because of 1990 Census undercounts of Native Americans, which may skew that data. Particularly telling is the dramatic increase in the number of children under the age of six living without their parents in a home maintained by their grandparents. This number increased from 1,272 in 1990 to 5,245 in 2000 - a 312% increase. The population of New Mexico children under six grew only by 3.2% in the same period.

**Age of New Mexico Children in “Skipped Generation” Households**

Child age	0-5 years		6-10 years		11-17 years		Total	
	1990	2000	1990	2000	1990	2000	1990	2000
Children	1,272	5,245	2,100	4,209	3,267	5,326	6,639	14,780
1990-2000 % change	312%		100%		63%		122%	

**Grandparents Raising Their Grandchildren Defy Stereotypes**

In 2000, approximately 39,399 New Mexico grandparents maintained a house in which their grandchildren resided. The majority (59%) of these grandparents had primary responsibility for their grandchildren.



Grandparents raising their grandchildren defy many stereotypes. Their average age is 54. Slightly less than 14% of grandparents raising their grandchildren are 65 and over and 24% are under 46.

Having minor dependents qualifies some recipients of social security retirement income for modest additional benefits; however, only 19% of New Mexico grandparents raising their grandchildren (4,510) actually receive social security retirement income, and the amount they receive is, on the average, less than the average social security benefit<sup>6</sup>.

The majority of these grandparents work. Their labor force participation rate is only slightly lower than that of all household heads over 30 years old: 56% of grandparents raising their grandchildren are in the labor force, compared to 60% of household heads over 30. Employed grandparents work, on average 40 hours per week, the same average amount of all employed household heads over 30.

Thus, grandparents raising their grandchildren are every bit as likely to need work-related child care as are parents in more conventional working families, and they have fewer family resources for child care than do younger parents who may depend on these grandparents for child care. And because the circumstances under which they became caretakers of their grandchildren may have created divisions within the extended family, grandparents raising their grandchildren may be isolated from other family members that could provide child care.

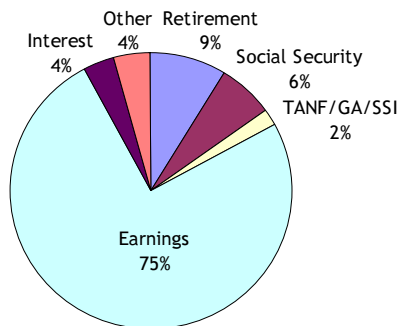
The prevalence of grandparents raising grandchildren varies significantly across races and ethnicity. For example, 8% of Native American (and 10% of Pueblo) household heads over the age of 30 are grandparents raising their grandchildren, compared to 1% of White non-Hispanic household heads.

**New Mexico Grandparents Maintaining a Household that Includes Grandchildren**

	Grandparents	Raising their grandchildren (GRG)	GRG as a % of all adult heads of households[1]
Hispanic	21,018	11,924	4%
White, Non-Hispanic	9,130	5,861	1%
Black	1,083	755	6%
Native American	7,513	4,363	8%
Apache	258	174	9%
Navajo	4,227	2,599	8%
Pueblo	2,655	1,279	10%
Total	39,399	23,279	3%

And, for most grandparents, raising their grandchildren is a long-term commitment. The majority of grandparents raising their grandchildren have had primary responsibility for the children for at least a year; over one third have had responsibility for five or more years.

**Grandparents Raising Grandchildren: Components of Income**



**Grandparents Raising Their Grandchildren (GRG): Length of Time Responsible**

Duration	GRG	Percent of GRG
Under 6 months	3,304	14%
6-11 months	3,168	14%
1-2 years	5,302	23%
3-4 years	2,712	12%
5 or more years	8,793	38%
Total	23,279	100%



### **Poverty is High, Despite Work, Among Grandparents Raising Grandchildren**

Almost one-third (28%)<sup>6</sup> of grandparents raising their grandchildren live in poverty, despite the fact that the majority of them work. Sixty percent of grandparents raising their grandchildren have income from wages, salaries, and/or self-employment and the greatest portion (75%) of their income is earned.

**Income Distribution of Grandparents Raising Their Grandchildren**

	Under 100% FPL	100-199% FPL	200-299% FPL	At least 300% FPL	Total
Grandparents	6,365	6,432	4,992	5,430	23,219
% of GRG	27%	28%	21%	23%	100%

### **Support Services And Tax Credits That Would Alleviate Poverty Are Often Inaccessible and Under-Utilized**

#### **Temporary Assistance to Needy Families and General Assistance:**

Grandparents raising their grandchildren may have difficulty accessing support services on behalf of themselves or their grandchildren. Despite high rates of poverty, less than 7% of grandparents raising their grandchildren received Temporary Assistance to Needy Families (TANF) or General Assistance (GA) in 1999.<sup>7</sup>

#### **Earned Income Tax Credit:**

The federal Earned Income Tax Credit (EITC) is a refundable tax credit administered through the federal income tax system. The EITC augments the earnings of low-wage workers and lifts more New Mexico children from poverty than any other public program. EITC can dramatically improve the economic well-being of many New Mexico grandparents raising their grandchildren.

While many grandparents raising their grandchildren qualify for EITC, it is not clear

how many actually apply for and receive the credit.<sup>8</sup> In 1999, 6,950, or nearly 60%, of New Mexico grandparents raising their grandchildren met the criteria for eligibility.<sup>9</sup> For many grandparents raising grandchildren, this could mean significant additional income. For single, EITC-qualified grandparents raising their grandchildren, EITC amounts averaged \$2,506 for one child and \$4,140 for two or more.<sup>10</sup>

Nationwide, 64% of low-income parents report having heard of the EITC<sup>11</sup> Among low-income Hispanics (which comprise over half of the grandparents raising their grandchildren) knowledge of EITC is considerably lower, particularly among those with limited English.<sup>12</sup> In New Mexico, two thirds of grandparents raising their grandchildren that appear to qualify for EITC speak a language other than English.<sup>13</sup>

However, a new and even more significant barrier to EITC utilization by grandparents raising their grandchildren has been created by the IRS. The IRS has proposed that certain families<sup>14</sup> with children that apply for EITC be required to pre-certify their eligibility by submitting an additional tax form and documents proving that the child(ren) claimed for purposes of EITC had lived with them for at least six months of the tax year. The new requirements may be particularly onerous for grandparents with limited English proficiency. Compounding the barriers to compliance will be the scarcity of affordable tax preparation assistance outside of the conventional "tax season," and difficulties assembling verifying documentation, particularly if grandparents do not have legal guardianship or custody of their grandchildren.

#### **Tax Rebates:**

The State of New Mexico provides two income tax rebates that can benefit some grandparents raising their grandchildren: the Over 65 Property Tax Rebate and the Low Income Comprehensive Tax Rebate (LICTR).

The Over 65 Property Tax Rebate rebates low-income senior citizens an estimated portion of their annual property tax liability. Unfortunately, this rebate is not available to the majority of



grandparents raising grandchildren because they are not yet 65 years old.

The Low Income Comprehensive Tax Rebate (LICTR) is a refundable tax credit for New Mexico residents with annual income less than \$22,000. Unlike EITC, LICTR is available to people over 65, and to those with no earned income. In fact, LICTR amounts are highest for extremely low-income senior citizens. Almost one third (7,283) of New Mexico grandparents raising their grandchildren qualify for LICTR. Comparison of 2000 Census data and state tax return data suggests that over 85% of grandparents that qualify for LICTR receive the rebate.

The 1999 median income of LICTR-qualified grandparents raising their grandchildren was \$11,500, which corresponded to \$135 in LICTR for a single grandmother raising two grandchildren and \$160 for a grandmother and grandfather raising one or more grandchildren. LICTR amounts range from \$220 to \$370 for grandparents raising their grandchildren whose sole source of income is social security. While LICTR amounts are not large enough to lift a significant number of grandparents from poverty, they do help families living very close to the margin to make ends meet. Perhaps more importantly, LICTR's broad eligibility and high participation rates make it an ideal vehicle for assisting grandparents in need.

#### **Foster Children:**

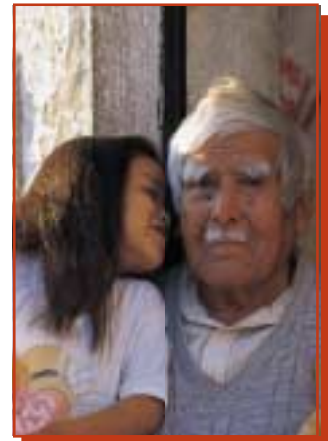
Most grandparents (98%) raising their grandchildren are not legally designated as their grandchildren "foster parents". Consequently, they are not eligible for the financial and social supports available to those grandparents that *are* designated foster parents.<sup>15</sup> Grandparents are raising approximately 14,500 or so children who are not foster children, but some of these might otherwise well be in the custody of the state but for the intervention of their grandparents. Foster children - whether they are biological grandchildren or not - are eligible to receive critical supports such as immediate access to Medicaid. Current public policy actually penalizes those grandparents and children who avoid the foster care system. Lack of legal custody or guardianship can further limit

grandparents access to support services, and can even make it difficult for them to enroll their grandchildren in school or make medical decisions for them.

#### **Limited Access to Health Insurance:**

Nationwide, one third of children in grandparent-headed households lack health insurance (compared to only 13% of children living with their parents).<sup>16</sup> New Mexico leads the nation in the percent of children that lack health insurance. Thus, it is probable that closer to forty or even fifty percent of New Mexico children being raised by their grandparents are uninsured. This statistic is particularly troubling given that over 60% of skipped generation households have income below 235% of the federal poverty threshold, the income eligibility ceiling for Medicaid. The remaining 40% of children being raised by their grandparents have limited access to private health insurance because the primary source of private health insurance for children is through their parent's employment. And it is rarely the case that a grandchild not legally adopted by a grandparent can be covered under a grandparent's work-related private policy (Frantz and Steinig, 2002).

Less is known about the health insurance status of grandparents raising their grandchildren. Most are too young to qualify for Medicare. Numerous studies have found disproportionately high rates of health problems among custodial grandparents. (Esme and Minkler, 1999; Kelley, Yorker, & Whitley, 1997). In New Mexico, thirty seven percent of grandparents raising their grandchildren (8,610) are disabled. Of these, 4,245 have disabilities that impair their ability to work. Not surprisingly, over one-third of disabled grandparents raising their grandchildren live in poverty.



## Policy Recommendations

Public policy can assist grandparents, and the grandchildren that they care for, in meeting the legal, physical, and emotional challenges that they face.

New Mexico can assist grandparents by:

### ***Increasing Access to Income Supports:***

- ☑ Expand eligibility and increase funding for the Low Income Comprehensive Tax Rebate (LICTR): Increasing LICTR amounts would provide immediate benefit to thousands of grandparents struggling to provide for their grandchildren. Raising the ceiling on LICTR eligibility from \$22,000 to \$28,000 would increase the number of grandparents who qualify from 7,283 to almost 10,000, an increase of over 35%.
- ☑ The state can assist those grandparents in cases where early intervention is appropriate, and custody of grandchildren by the foster care system is not warranted, by providing the financial support available to those grandparents legally designated as foster parents.
- ☑ The federal government can assist New Mexico grandparents raising their grandchildren by intensifying EITC outreach to grandparents and not implementing the proposed EITC pre-certification program. The state plans an EITC outreach program that can address the needs of grandparents by telling them of their eligibility, providing information in Spanish, and giving them access to low cost tax assistance.

### ***Increasing Access to Health Care:***

- ☑ Adequately fund the state Medicaid program and reach out to grandparents whose grandchildren may be uninsured: Expand Medicaid coverage to low-income uninsured grandparents raising their grandchildren, including those not legally designated as foster parents.

### ***Increasing Access to Child Care:***

- ☑ Ensure working grandparents access to affordable, quality child care through an adequately funded state child care assistance program and outreach targeted to grandparents.

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## Endnotes

<sup>1</sup>In Census terminology, these grandparents are the “householder” and/or “householder’s spouse.” “Householder” is a term used by the U.S. Census to refer to the person or one of the people in whose name a housing unit is owned or rented. It is generally synonymous with the more commonly used “head of household,” although it connotes neither decision-making authority nor tax filing status. If a house is owned or rented by a married couple, the “householder” can be either spouse. The Census categorizes all other residents of the household in terms of their relationship to the householder. In this report, we use the term “household head” to refer to both the householder and the householder’s spouse.

<sup>2</sup>In 1990 28,059, or 6%, of New Mexico children lived in a household headed by their grandparent(s).

<sup>3</sup>The percent of children living in a grandparent-maintained home nationally increased 30% between 1990 and 2000 - from 4.9% to 6.3%.

<sup>4</sup>16% of Native American children in New Mexico live in their grandparent’s home; this figure rises to 33% when only looking at Pueblo children. Of the Native American children that live in their grandparent’s home, the majority - over two-thirds - also have their parents living there.

<sup>5</sup>In 1999, the average social security retirement income of social security recipients raising their grandchildren was \$6,900, \$477 *less* than the average social security benefit of grandparents living with, but not responsible for, their grandchildren and \$1,209 *less* than the average social security retirement benefit overall.

<sup>6</sup>A total of 6,365 grandparents raising grandchildren live in poverty.

<sup>7</sup>Less than 1% of the income of grandparents raising their grandchildren is derived from TANF or GA. Grandparents raising their grandchildren who did receive public assistance in 1999 received an average annual benefit of \$2,699, slightly less than the average annual benefit of all public assistance beneficiaries (\$2,897)

<sup>8</sup>In order to be eligible for EITC, grandparents must have provided a home for their grandchildren for at least six months of the tax year and cared for the grandchildren “as if they were their own.” Grandparents raising their grandchildren need not have legal custody or guardianship of their grandchildren to qualify for EITC. They must, however, be under 65 and have earned income. Their income must be less than \$29,200 if they are raising one child and \$34,178 if they are raising two or more.

<sup>9</sup>They had cared for the children for at least six months, were under 65, and had earned income between \$1 and \$34,000.

<sup>10</sup>Earned income averaged 75% of total family income for grandparents raising their grandchildren. EITC amounts are calculated based on earned income, as opposed to total income.

<sup>11</sup>See Phillips 2001. Having heard of the EITC is not a perfect measure of potential utilization, however. Over 50% of New Mexico’s low-income tax filers use a professional preparer and therefore may be unfamiliar with the term “Earned Income Tax Credit” even though they receive it.

<sup>12</sup>See Phillips, 2001.

<sup>13</sup>Twenty six percent speak English less than “very well,” and 6% don’t speak English at all.

<sup>14</sup>The families with children targeted for EITC pre-certification are those that are *not* headed by married parents or single mothers and would include relatives raising nieces, nephews, and grandchildren as well as single fathers, stepparents, and foster parents

<sup>15</sup>Only about 2% of children in New Mexico living in their grandparent’s home without their parents present are legally designated foster children. Nationwide, 7% of children in skipped generation families are in the foster care system (Frantz and Steinig, 2002).

<sup>16</sup>Frantz and Steinig, 2002.

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