Parental Investments of Money for White, Black, and Hispanic Children in the United States

Orestes P. Hastings

Abstract
Recent research has shown wide class gaps in parental investments of money. Although scholars have suggested similar important gaps by race and ethnicity, these have not been as clearly documented, and some suggest that they may be the result of economic differences or family characteristics. Using 16 years of the Consumer Expenditure Survey, the author shows the predicted levels of parental investments for white, Black, and Hispanic families under four conditions: the unadjusted levels, controlling for family characteristics, controlling for family income, and controlling for both family characteristics and income. The visualization shows large gaps between children in white families compared with Black and Hispanic families. Both sociodemographic and economic factors play a substantial role in these differences, and the racial and ethnic gaps in parental investments of money are nearly eliminated when both are accounted for.

Keywords
parenting, parental investments, children, race/ethnicity, visualization

Recent research has documented wide class gaps in expenditures for children’s developmental activities (e.g., Schneider, Hastings, and LaBriola 2018). In turn, these parental investments of money are thought to shape children’s well-being, adolescent achievement, and later life attainment. In contrast to work on inequalities in parenting by social class, parental investments of money have not been a focal point of research on differences in parenting by race and ethnicity, which instead has focused on parenting actions and children’s activities (e.g., Cheadle and Amato 2011; Lareau 2011; Nomaguchi et al. forthcoming). This body of work strongly suggests racial and ethnic differences in parental investments of money, something this visualization more clearly documents.

An important potential reason for differences by race and ethnicity could be economic resources, as scholars have noted economic inequality among white, Black, and Hispanic families (e.g., Chetty et al. 2020). In addition, differences by race and ethnicity could also be the result of differences in family characteristics, such as family structure and size and parental education and age.

Using the Consumer Expenditure Survey (2004–2019), I model parental investments (childcare, schooling, and enrichment activities) from the responses of 40,373 families in 110,034 quarters, and I show in Figure 1 the predicted levels for non-Hispanic white, non-Hispanic Black, and Hispanic families. The supplement provides details about the construction of the data and measures, the model coefficients, and the code for the analysis and visualization.

The first panel shows the actual expenditure levels. White families spend more than double that of Black families, who in turn spend more than Hispanic families. The second panel shows parental investments based on a model in which family characteristics are controlled for, and then those coefficients are used to predict expenditures, with the controls held at their means. Although white families still spend the most, the gap is reduced considerably between them and Black and Hispanic families. Interestingly, in this situation, the gap between Black and Hispanic families is reversed, and Hispanic families spend more than Black families.

The third panel shows the predicted levels of spending when family income (but not family characteristics) is controlled for. This also reduces the gaps between white families and Black and Hispanic families (but does not flip the gap between Black and Hispanic families). Finally, the fourth panel shows that controlling for both family characteristics and income almost entirely eliminates the gaps. In this

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situation, there is essentially zero gap between white and Hispanic families, and a much reduced gap to Black families.

It is important to note that just because the actual gaps in the first panel between white families and Hispanic and Black families can be “controlled away” in subsequent models does not make the gaps any less real or consequential in children’s lives. The subsequent models provide useful insight into the mechanisms, both sociodemographic and economic, driving the gaps, and they further illustrate how the existing racial and ethnic differences in these factors are also noteworthy. Together, these results shed light on another important dimension of racial and ethnic inequality experienced by children in the United States.

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**Supplemental Material**

Supplemental material for this article is available online.

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**Author Biography**

Orestes P. Hastings is an assistant professor of sociology at Colorado State University. His research lies broadly at the intersection of stratification and inequality, the family, economic sociology, demography, and religion, which he studies using quantitative and computational methods. His publications include work in the *American Sociological Review, Demography, Journal of Marriage and Family,* and *Social Forces.*

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**Figure 1.** Predicted parental investments of money with 83.4 percent confidence intervals for white, Black, and Hispanic children on the basis of models of the 2004–2019 Consumer Expenditure Survey. Race/ethnicity is determined by the self-reported race/ethnicity of each child’s mother (or father, if mother is not present). Family income is after taxes and transfers. Family characteristic controls are family structure (married, cohabiting, single), number of adults in the household, number of children in each age category (0–5, 6–11, and 12–17 years), highest education of household head or partner, oldest age and age squared of household head or partner, and whether a grandparent is in the home.