

# Family wealth may explain differences in test scores in school-age children

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A new study published in the March/April 2008 issue of the journal *Child Development* finds that family wealth might partly explain differences in test scores in school-age children. The study, conducted by researchers at New York University, also found that family wealth is positively associated with parenting behavior, home environment, and children's self-esteem.

Prior research has documented the association between children's cognitive achievement and the socioeconomic status of their parents as measured by education level, occupation, and income. Many of these studies focused on the effect of poverty—defined by family income—on children's achievement, but household wealth (i.e., net worth) has received little attention.

This new study used new methods, including data from a new national study (the Panel Study of Income Dynamics and its Child Development Supplement). It explored many functional forms and sources of wealth, looking at different mediating pathways of wealth from distinct sources, and analyzing how wealth affects children's cognitive achievement at different stages of childhood.

The researchers found a marked disparity in family wealth between Black and White families with young children, with White families owning more than 10 times as many assets as Black families. The study found that family wealth had a stronger association with cognitive achievement of school-aged children than that of preschoolers, and a

stronger association with school-aged children's math than with their reading scores. Family wealth accumulated from different sources also was found to have a distinct influence on children at different developmental stages. Liquid assets, particularly holdings in stocks or mutual funds, were positively associated with school-aged children's test scores. Family wealth was associated with a higher quality home environment, better parenting behavior, and children's private school attendance.

The researchers suggest that the stronger impact of wealth on school-aged children may be because school-aged children benefit more from family wealth that is spent on educational resources that require substantial financial investment, such as private schools, extracurricular activities, and cultural experiences. Furthermore, older children may be more conscious of differences in wealth relative to their peers as they are exhibited in the quality of the learning environment, possessions, and the type of neighborhood where children live. These differences may influence their self-esteem and aspirations, which in turn are positively associated with their school performance.

“While wealth may help smooth consumption on a more short-term basis, the presence of wealth over time in a family (or extended family) may have a stronger impact of engendering a sense of economic security, future orientation, and the ability to take risks among all family members which, in turn, positively affect child development,” according to W. Jean Yeung, professor of sociology at New York University and the lead author of the study.

Despite the marked disparity in wealth between Black and White families, the study found little evidence that wealth by itself explains the test score gaps between Black and White children. Those gaps were found to become less meaningful when child and family demographic characteristics and parents' income, education, and occupation were held

constant. “Although wealth may not have a substantial short-term benefit in narrowing the Black-White achievement gap among young children, allowing and encouraging low-income families to accumulate wealth may improve family dynamics and foster a forward-looking attitude that may benefit children’s development in the long run,” said Yeung. “The financial effects of wealth would likely be observed later in life when school financing becomes an issue.”

Source: Society for Research in Child Development

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