

Title: *Wealth and the Extended Family: Evidence from the 2002 Child Development Supplement (CDS) and the Panel Study of Income Dynamics (PSID)*

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Recent research based on qualitative data in the United States suggests that adults who do not have sufficient resources of their own to pay for children's private schooling or to move to "good" neighborhoods when their children reach school age often receive assistance from their own parents--the children's grandparents (Shapiro 2004, and Oliver and Shapiro, 1995). This paper uses quantitative data from the Panel Study of Income Dynamics and the Child Development Supplement to examine the role that grandparents' wealth plays in shaping children's opportunities and outcomes in the United States. After providing descriptive statistics that paint a portrait of the volume of wealth that is available in the different generations of a child's family tree, the paper uses multivariate probit analysis to analyze the relationship between grandparent wealth and children's educational circumstances.