

5 Things You Should Know about the Cost of Raising a Child in Texas

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How much does it cost families to raise a child in Texas? Though most parents would probably answer “a lot,” economists have developed and evaluated several models to estimate the cost of raising a child. States are required to incorporate the economic costs of raising children in periodic reviews of their child support guidelines. Most states use either the Engel or Rothbarth methods, but Texas relies on the U.S. Department of Agriculture (USDA) annual estimate of families’ expenditures. The USDA estimate, however, is an insufficient estimate of the cost of raising a child for a state as large and diverse as Texas, nor does it account for the costs associated with raising a child across two households. CFRP has developed the first Texas-specific model, the Texas Cost of Raising a Child (Texas CORC), as a more comprehensive and accurate approach for the state. Below are 5 things to know about the cost of raising a child in Texas:



THE COSTS ASSOCIATED WITH RAISING CHILDREN ARE NOT THE SAME AS EXPENDITURES.

The USDA model, as well as the Engel or Rothbarth methods, is based on spending, or expenditures, which is impacted by a family’s ability and preference for consuming goods. The basic cost of raising a child to meet his or her health and developmental needs is constant, and does not vary by income level. Some parents’ expenditures exceed the basic cost, whereas others may not be able to meet the basic cost.



THE COST OF RAISING A HEALTHY CHILD VARIES BY HOUSEHOLD COMPOSITION. The USDA provides expenditure estimates for raising a child for only two family types: single-parent and married-parent households. However, raising a child in two households most accurately reflects the reality of many children growing up today, and particularly those in the child support system. The Texas CORC model estimates costs for single-parent and married-parent households, and importantly, across two households and finds that the average annual cost of raising a child across two households (\$13,465) is higher than

that for both single-parent (\$10,616) and married-parent families (\$11,004).¹



HOUSING IS ONE OF THE MOST EXPENSIVE COSTS RELATED TO RAISING A CHILD. The USDA groups states into four geographic regions and does not use state-specific data to estimate housing costs, an expense that can account for up to one-third of costs related to raising children.^{2,3} Estimates for Texas are the same as for Delaware and the District of Columbia, neither of which are comparable to Texas with respect to the cost of living or geographic context. The USDA model also assumes that each child has their own bedroom, which may be unrealistic for many families. The Texas CORC utilizes Texas-

specific housing data and also incorporates more realistic assumptions, like multiple children sharing bedrooms.



THERE IS A HIGH NEED FOR QUALITY CHILD CARE. Estimates of combined child care and education costs are included in the USDA estimate. However, child care costs are not included in standard child support awards in Texas, though the need for child care is great (only 5 percent of children live in low income households with no working adult).⁴ The Texas CORC estimates that licensed center-based child care can account for 30-38 percent of the average total cost of raising a child in Texas.⁵ The Texas CORC model is presented both with and without the costs of licensed center-based child care.



LOW-INCOME FAMILIES HAVE DIFFICULTY CONSISTENTLY MEETING THE COST OF RAISING CHILDREN. Parents with low incomes are often not able to meet the basic cost of raising children and must rely on public benefits or other forms of cash or in-kind assistance. Child support is a key part of the safety net of social services available to low-income parents and helps make the burden of cost more equitable between the non-custodial and custodial parents. [For more, see CFRP's infographic "The Hidden Social Safety Net: A look at how child support payments compare to more traditional forms of family support" at <http://childandfamilyresearch.org/2015/04/child-support-safety-net.>]

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Sources:

1. *Child & Family Research Partnership. (February 2016). An Estimation Model of the Cost of Raising Children in Texas: Final Report. These estimates include the cost of child care.*
2. Lino, Mark. (2014). *Expenditures on Children by Families, 2013. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. Miscellaneous Publication No. 1528-2013. Retrieved from http://www.cnpp.usda.gov/sites/default/files/expenditures_on_children_by_families/crc2013.pdf*
3. *Child & Family Research Partnership. (February 2016). An Estimation Model of the Cost of Raising Children in Texas: Final Report.*
4. *Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2008-2013 American Community Survey. Retrieved from KIDS COUNT Children Living in Low-income Households Where No Adults Work.*
5. *Child & Family Research Partnership. (February 2016). An Estimation Model of the Cost of Raising Children in Texas: Final Report.*