

APPENDICES

Appendix 1: Case Study

Bob and Judy have two children (ages 5 and 9). This is how their family would use Tables 1-9 to estimate the cost of raising their children, both prior to divorce and after divorce. The two-parent family has a gross income that falls between \$45,800 and \$77,1000 (middle range); the one-parent family will have a gross income of less than \$45,800.

Two-parent Summary Table of Monthly Costs (Table 8 example)

Expense Category	Age of Oldest Child <u>2</u>	Age of Child 2 <u>5</u>	Age of Child 3 –
Housing	300	332	
Food	184	123	
Transportation	133	113	
Clothing	40	33	
Health Care	77	63	
Child Care & Education	78	184	
Miscellaneous	99	93	
MONTHLY TOTAL	911	940	

One-parent Summary Table of Monthly Costs (Table 9 example)

Expense Category	Age of Oldest Child <u>2</u>	Age of Child 2 <u>5</u>	Age of Child 3 –
Housing	258	253	
Food	152	103	
Transportation	53	63	
Clothing	33	28	
Health Care	53	35	
Child Care & Education	38	87	
Miscellaneous	50	47	
MONTHLY TOTAL	635	615	

Adjustment Factors for Number of Children in Family Unit (Economies of Scale Table)

When Bob and Judy's two children live in a two-parent household, approximately \$1,851 is the estimated monthly cost. When these two children live in a one-parent household, approximately \$1,206 is the estimated cost. The children's needs have not changed, but their living arrangements have. There is less money being spent on them for several reasons. Housing, transportation, and the money available for extras have changed.

Table A. Adjustment Factors for Number of Children in Family Unit (Economies of Scale Table)

Two-parent Family ¹			One-parent Family ²	
<i>Number of Children in Family</i>	<i>Oldest</i>	<i>Youngest</i>	<i>Oldest</i>	<i>Youngest</i>
One	No adjustment	1.24	No adjustment	1.35
Two	No adjustment	No adjustment	.93	No adjustment
Three (middle same as oldest & youngest)	.77	.77	.72 After adjusting downward .93 for 1st child and adjusting downward .93 for 2nd child.	.72

¹ See footnote for Table F.

² See footnote for Table G.

Table A applies to Bob and Judy's situation this way.

Two-parent Family

Total \$911 Oldest Child NOTE:
 \$940 Youngest Child No adjustments
 \$1851

Two-parent family expenditures = \$1,851

One-parent Family

635 x .93=\$591 Oldest Child Adjustment
 \$615 Youngest Child needed for
 \$1206 oldest child only

One-parent family expenditures = \$1206

Other Cost Factors to Consider in Divorce

1. Two houses are needed for the families after divorce. Children need space in both houses. These figures do not include this. The figures for the one-parent family do not take into account the duplicated cost of housing in the second household. The total for housing of children in the one-parent family is \$511 per month. Each one-parent household must also have housing that includes space for the children.
2. The transportation cost estimates for these two children in a two-parent family is \$246 per month. In a one-parent family, the cost is \$116 per month. If, for example, a single car has been used by two parents and will now be used by one, the cost of gasoline and car repairs will be less. The cost of car insurance may be higher.
3. How are the children going to have the opportunities for education that children in two-parent families have? Since every category except food is less in the one-parent than the two-parent household, there is little flexibility for a one-parent household to spend on what many people call “extras.” These could be educational opportunities for camp, music lessons, club memberships, or whatever is important to a family.
4. How will the type of food change to reduce the cost for the children from \$307 in a two-parent family to \$255 per month in a one-parent family?
5. The health care costs go from \$140 per month in a two-parent family to \$88 per month in a one-parent family. How will these costs be covered? Will the insurance plan of the parent who has better coverage be able to cover the children? How will these costs be covered if neither parent’s health insurance covers the needs of the children?
6. Overall, the expense categories in this study and in your family will not match perfectly. It is important for both parents to keep records. Only then, better decisions can be made for the children in the family.
7. The USDA website (<http://www.cnpp.usda.gov/calculatorintro.htm>) provides a visual tool for yearly costs of raising a child. You will need to remember the age of child(ren), family category, and income when using this tool. And the information provided is annual amounts only.