

Categories of Household Expenditures

Housing expenses consist of shelter (mortgage payments, property taxes, or rent; maintenance and repairs; and insurance), utilities (gas, electricity, fuel, cell/telephone, and water), and house furnishings and equipment (furniture, floor coverings, major appliances, and small appliances). Mortgage payments included principal and interest payments. Overall, principal payments constituted 15 percent of overall housing expenses.

Food expenses consist of food and nonalcoholic beverages purchased at grocery, convenience, and specialty stores, including purchases with Food Stamp Program (now the Supplemental Nutrition Assistance Program) benefits; dining at restaurants; and household expenditures on school meals.

Transportation expenses consist of the monthly payments on vehicle loans, downpayments, gasoline and motor oil, maintenance and repairs, insurance, and public transportation (including airline fares).

Clothing expenses consist of children's apparel such as diapers, shirts, pants, dresses, and suits; footwear; and clothing services such as dry cleaning, alterations, and repair.

Health care expenses consist of medical and dental services not covered by insurance, prescription drugs and medical supplies not covered by insurance, and health insurance premiums not paid by an employer or other organization. Medical services include those related to physical and mental health.

Child care and education expenses consist of day care tuition and supplies; baby-sitting; and elementary and high school tuition, books, fees, and supplies. Books, fees, and supplies may be for private or public schools.

Miscellaneous expenses consist of personal care items (haircuts, toothbrushes, etc.), entertainment (portable media players, sports equipment, televisions, computers, etc.), and reading materials (nonschool books, magazines, etc.).

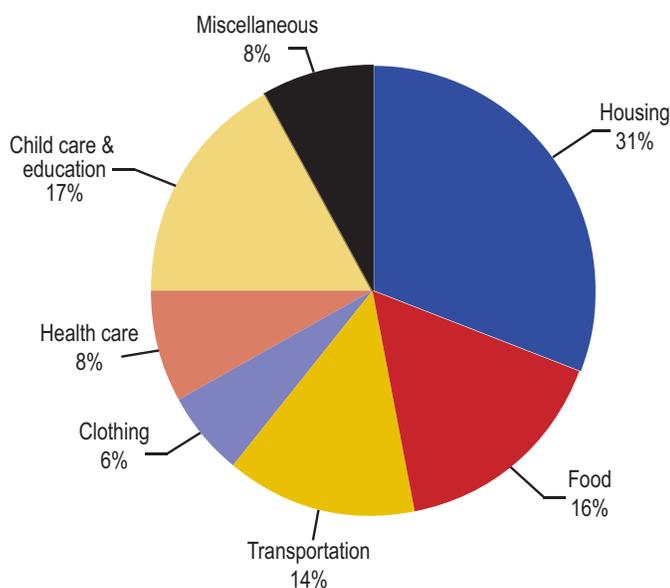
Housing Is the Largest Expense on a Child

Housing accounted for the largest share of total child-rearing expenses. Figure 2 demonstrates this for the younger child in husband-wife, middle-income families with two children. Based on expenses incurred among all age groups, housing accounted for 32 percent of child-rearing expenses for a child in the lowest income group, 31 percent in the middle-income group, and 33 percent in the highest income group.

As previously discussed, child care and education was the only budgetary component for which many households had a zero expenditure and the others had a positive expenditure. The USDA estimates include only families with expenditures on this budgetary component. For the middle and highest income groups (for households with the expense), child care and education was the second largest expenditure on a child, accounting for 17 and 23 percent of child-rearing expenses, respectively. For the lowest income group, child care and education accounted for 14 percent of total child-rearing expenses (again, for households with the expense). It should be noted for lower income families, child care may be provided by relatives or friends at no cost due to affordability issues.

Food was the second largest expense on a child for families in the lowest income group, accounting for 18 percent of total expenditures. Food was the third largest expense on a child for families in the middle and highest income groups, accounting for 16 and 12 percent of total expenditures, respectively. Transportation made up 12 to 14 percent of total child-rearing expenses over the income groups.

Figure 2. Expenditure shares on a child from birth through age 17 as a percentage of total child-rearing expenditures,¹ 2010



¹U.S. average for the younger child in middle-income, husband-wife families with two children. Child care and education expenses only for families with expense.