CHILD & FAMILY
RESEARCH PARTNERSHIP

An Updated Estimation Model of the Cost of Raising Children in Texas

Final Report

Deliverable 4: Revised Final Report
Original submission date: July 7, 2021
Revised and submitted based on specific and substantial feedback from the Texas Office of the Attorney General on: July 28, 2021
Revised and submitted on: August 9, 2021

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EXECUTIVE SUMMARY

The Office of the Attorney General Child Support Division (OAG) contracted with Dr. Cynthia Osborne and the Child and Family Research Partnership (CFRP) at the LBJ School of Public Affairs at the University of Texas at Austin to update the estimation model for the cost of raising children in Texas (Texas CORC). Considering economic data on the cost of raising children is a required element of the quadrennial child support guideline review process. The Texas CORC, presented in this report, provides the OAG with a Texas-specific estimate that, importantly, estimates the cost of raising children across two households, reflecting the reality of many children whose parents have a child support order.

Texas historically used the U.S. Department of Agriculture (USDA)'s annual estimate of families' expenditures on children in their child support guidelines review. The USDA estimates rely on data from the Consumer Expenditure Surveys (CE) which does not lend itself well to Texas-specific estimates. Further, the USDA does not estimate the cost of raising children across two households, which is critical for understanding the adequacy of child support awards. Additionally, the USDA makes several assumptions in their estimates that may not be applicable to families of all income levels.

CFRP updated the Texas CORC model, which provides estimates for raising children across two households. The two-household model is particularly important for determining the adequacy of states' child support guidelines, because in most circumstances it is ideal for a child to spend time in both households. The Texas CORC is modeled after the USDA's estimates of expenditures on children, but incorporates Texas-specific data for housing and child care costs, unavailable in the CE data. Housing and child care costs are two of the most expensive costs related to raising children, which makes it important to have them be as specific to Texas as possible. The Texas CORC assumes there is a basic cost to raising children to provide them with the modest resources they need for healthy growth and development. The extent to which families meet (or exceed) that cost will vary widely and will depend largely on family income and preferences.

The Texas CORC provides three cost estimates: the cost of raising children in single-parent families, married-parent families, and across two households. Each model is presented in greater detail in the report. The Texas CORC across two households is the highest cost model of the three, driven mostly by the need for an additional bedroom in each home. We also present how the custodial and non-custodial parents share the costs across two households, assuming they share physical custody and a Texas standard order of possession is in place. The cost of raising children estimated by the Texas CORC for single-parent families is less than the Texas CORC for married-parent families, but as a percentage of median income in Texas, the cost estimated by the single-parent Texas CORC is much higher.

We present six scenarios for how the cost of raising a child could be shared between parents raising children across two households. We consider important factors such as the income of both the non-custodial and custodial parents, the costs the non-custodial parent incurs when the child is at their home, child care costs, and parenting time. We describe the differences in a

parent's ability parents to meet the needs of children for median income earners and minimum wage earners. The six scenarios demonstrate how different methods of calculating child support awards can result in vastly different payment amounts that vary widely in their ability to meet children's needs. Regardless of the method of calculation, we find that it is nearly impossible for two minimum wage earners to meet the basic costs of raising children in Texas, especially when child care is included.

CHAPTER 1: BACKGROUND

Purpose and Introduction

The Texas Office of the Attorney General Child Support Division (OAG) contracted with Dr. Cynthia Osborne and the Child and Family Research Partnership (CFRP) at the LBJ School of Public Affairs at the University of Texas at Austin to update the estimation model of the Cost of Raising Children in Texas, which CFRP submitted to the OAG in January 2016. Federal law (42 U.S.C. Section 667(a)) and the Texas Family Code (Chapter 154, section 111.001) require the Texas Title IV-D agency to review the child support guidelines at least once every four years. The updated estimation model provides data needed to assess the adequacy of the Texas Child Support guidelines, which is a required element of the quadrennial guideline review process.

The overall research aim is to update the Texas CORC model to estimate the total annual cost of raising children in Texas. We are guided by the following research questions:

1. What is the updated annual cost of raising children in Texas in a single-parent family?
2. What is the updated annual cost of raising children in Texas in a married-parent family?
3. What is the updated annual cost of raising children in Texas across two households? How might these costs be shared between the custodial parent (CP) and non-custodial parent (NCP)?

CFRP uses more recent data to update the previous estimation model of the cost of raising children in Texas (Texas CORC), considering the age of the child or children in the household and the household composition (single-parent family, married-parent family, or two-household family). Alongside housing, food, transportation, miscellaneous items, and child care we make one substantial update to the model by adding health care as the sixth expenditure category. Additionally, CFRP reevaluates extant models of the cost of raising a child and their applicability to the child support context and to Texas.

Background and Significance

Increasingly, child support payments can be an important means of economic security for single-parent families with children. Approximately 30 percent of children in the United States live without one of their biological parents.[1] Children in female headed, single-parent households are 5.5 times more likely to live in poverty compared to children in married-parent households (36.5% of families vs. 6.4%).[2] In 2019, the median annual income for Texas parents with children under 18 years old was $29,497 among single-parent female-householders and was more than three times higher at $97,268 among married-parent families.[3] For children in single-parent homes, financial contributions in the form of child support payments from the non-custodial parent (generally the father) can serve as a vital resource that can lift the family out of poverty or at least reduce the depth of poverty.[4]

All states are required to have guidelines for calculating the appropriate amount of child support to support children. Texas currently uses a calculation based on the Percentage of Income model, which calculates support based on a percentage of the non-custodial parent's

(NCP) income. The current Texas guidelines set the rate at 20 percent of the NCP's net resources for one child, and that amount increases in 5 percentage point increments for additional children (up to a maximum of 40% of net resources). Judges have discretion to deviate from the guidelines if they feel a deviation is in the best interest of the child. The current guidelines are not based on the actual cost of raising a child, do not consider the income of the custodial parent (CP), and only consider the financial resources of the NCP.

To ensure that court-ordered child support amounts calculated using the child support guidelines are sufficient to meet the cost associated with raising a child, the federal Office of Child Support Enforcement requires states and territories to conduct a quadrennial review of their child support guidelines. 45 C.F.R. 302.56 requires that *"a State must (1) consider economic data on the cost of raising children."*[5]

METHODS FOR CALCULATING THE COST OF RAISING A CHILD

Economists have developed and evaluated several models to estimate the costs of raising a child.[6] For their child support guidelines calculations, most states rely on either the Engel or Rothbarth methods, both of which estimate the marginal change in adults' living costs by comparing families who have a child to families with similar income levels who do not have children. However, Texas has primarily used the Urban South regional estimates from USDA's annual estimate of families' expenditures on children to estimate the cost of raising children in Texas for their child support guidelines. Although the USDA provides regional estimates at three income levels, the estimates are only for married-parent households and do not include estimates of the cost of raising a child across two households as the CORC model does.[7] The USDA's single-parent household estimates are for the U.S. overall, and are not provided by region.

Economists generally agree that the Engel method overestimates the costs of raising a child, the Rothbarth method underestimates the costs of raising a child, and the USDA estimates typically fall in between the Engel and Rothbarth estimates.[8] Although the Engel and Rothbarth methods, as well as the USDA estimates, each rely on data from the Consumer Expenditure Surveys (CE), the USDA's Urban South regional estimates aggregate data from Texas and 16 other states and do not necessarily accurately estimate Texas-specific expenditures.

DEVELOPING A TEXAS MODEL

For the 2016 and 2021 Texas CORC models, we build on the USDA's estimates of the Urban South to provide the best possible estimate of the cost of raising children in Texas. The USDA estimates the cost of raising children across three income categories in a married-parent household (for the US and regionally) and single-parent households (for the US only, not regionally), however it does not estimate the cost of raising children across two households, which is critical for the purposes of child support. Additionally, the USDA makes several assumptions in their estimate that may not be applicable to families of all income levels.

Findings from a survey conducted by CFRP in 2014 of low-income mothers who were unmarried at the time of their child's birth indicate that mothers meet the cost of raising a child in ways that are contradictory to many of the assumptions in the USDA estimate of families' expenditures on children. In contrast to the USDA's assumptions, these mothers generally reported they do not

move into larger residences or buy a larger car when they have an additional child. To cover increased costs, most mothers reported cooking at home instead of going out to eat; taking advantage of public assistance programs including the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and public health insurance programs; and relying on more affordable or informal forms of child care than center-based care. Additionally, mothers reported spending less money on themselves to help meet the costs associated with having a child.

THE COST OF RAISING CHILDREN IN TEXAS

In January 2016, CFRP submitted *An Estimation Model of the Cost of Raising a Child in Texas* to the OAG, which provided three estimates of raising children in: 1) single-parent households, 2) married-parent households, and 3) across two households. The 2016 models for each household type are comprised of five expenditure categories (housing, food, transportation, miscellaneous items, and child care) which sum to estimate the total cost of raising a child in Texas. The 2021 models for each household type include a sixth expenditure category for child-related health care costs.

To address some of the limitations of the USDA estimation model, CFRP uses Texas-specific data for housing and child care. Additionally, the Texas CORC estimate for housing costs among single-parent or married-parent households is the same for households with one or two children and assumes that a family would not need an additional bedroom to accommodate a second child. To address the finding that single parents with low income prepare more meals at home and eat fewer meals away from home than higher-income families, the Texas CORC estimate for food costs uses the USDA low-cost plan for food at home, and unlike the estimates produced by the USDA in their 2012 and 2015 *Expenditures on Children by Families* reports, the 2016 Texas CORC estimate does not include expenditures on meals consumed away from home.

The Texas CORC models that include child care costs are based on the cost of licensed child care centers in Texas, because we assume quality child care is a basic need for young children's development and to allow parents the ability to work. Although licensing does not ensure quality, it does set minimum health, safety, and caregiver training standards which centers must maintain. This assumption may overestimate what many families are able to afford or choose to pay because the cost of center-based care is the most expensive option, compared to home-based licensed child care and home-based registered child care. Nearly half of low-income, single mothers in our 2014 survey relied on other family members for child care and only one-fourth used center-based child care. Because child care expenses are considered a deviation from the initial child support order and not all families have child care expenses, we provide our estimates of the cost of raising a child with and without the cost of child care included.

The Texas CORC estimation models assume there is a basic cost to providing children with the basic necessities for healthy growth and development. The extent to which families meet (or exceed) this basic cost varies widely and depends on family income and preferences. Financial insecurity makes it difficult for low-income families to consistently meet the costs of raising children. In addition to programs such as Medicaid and CHIP, which provide in-kind assistance,

public assistance programs vary widely in the extent to which they help low-income parents meet the cost of raising children.

PROJECT SCOPE SUMMARY

To update the Texas CORC estimation model, CFRP reevaluated the methods used by other states to determine child support payments and the methods used by the USDA to estimate the cost of raising a child. CFRP updated the 2016 Texas CORC estimation model by making three different adjustments to the model to estimate the total annual cost of raising children in Texas:

1. Use updated data and expanded variables;
2. Add health care as a new expenditure category;
3. Align our methodology with updates to the USDA's methodology for generating their estimate of expenditures on children by families.

In developing the updated 2021 Texas CORC, we made no major changes to the assumptions that underly the 2016 Texas CORC. Similar to the 2016 estimation models, our approach to generating the updated 2021 Texas CORC estimation model assumes there is a cost to raising a child that produces a minimum standard of healthy child development.

Although the Texas CORC models estimate costs across three household types, the two-household model is most relevant for understanding the cost for separated parents who share custody of a child or children. The two-household model provides the best information for assessing the adequacy of the current Texas Child Support guidelines to meet the cost of raising children shared by the CP and NCP.

We assume that the cost of raising a child can vary by household type, age of the child, number of children, and expenditure category. We describe the data sources and analytic approach for each cost category estimate in the Methodology section that follows.

CHAPTER 2: METHODOLOGY

The model of the cost of raising children in Texas (Texas CORC) is based on the methodology used by the USDA in their *Expenditures on Children by Families, 2015* report.[9] In their most recent report, the USDA provides estimates of the cost of raising children for single- and married-parent families with two children. Overall estimates and estimates for each major budget category are provided by child age group, three family income categories, and four U.S. Census regions. Adjustment factors for estimating expenditures for households with one child or three or more children are also provided.

The Texas CORC uses cost categories similar to the expenditure categories in the USDA estimate, but relies on Texas-specific data sources for the housing and child care categories – often the two most expensive cost categories for raising children. Unlike the USDA estimates which uses Consumer Expenditure Surveys data to calculate all expenditure categories, CFRP relies on the USDA Low-Cost food plan for families, which does not incorporate geographic variation in food costs, but is a widely-cited source for food costs for families. For transportation, miscellaneous (e.g., care items, entertainment, reading materials, and clothing), and health care costs, we found no reliable Texas-specific data source. Therefore, similar to the USDA estimates which use CE data, we use CE data for the Urban South region to generate the cost estimates for transportation, miscellaneous items, and health care. A summary of the cost categories and data sources is presented in Table 1.

Table 1: Texas CORC Data Sources

Expenditure Category or Other Supporting Data	Data Source	Date/Date Range	
		2016 Estimation Model	2021 Estimation Model
Housing	Fair Market Rents, County Level Data, U.S. Department of Housing and Urban Development	FY2014	FY2019
	US county-level population estimates, U.S. Census Bureau	2010 (Census population)	2019
Food	Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, U.S. Department of Agriculture *(Low-cost food plan only)*	Dec. 2014	Jan.-Dec. 2019
Transportation	Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics	2011-2012	2015-2019
	National Household Travel Survey, U.S. Department of Transportation	2009 *(collected Mar. 2008 through May 2009)*	2017 *(collected Mar. 2016 through May 2017)*
Miscellaneous	Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics	2011 & 2012	2015-2019
Child Care	Texas Child Care Market Rate Survey Final Report, Texas Institute for Child & Family Wellbeing and Ray Marshall Center for the Study of Human Resources, University of Texas at Austin	2013 *(collected between 2012 and early 2013)*	2019 *(collected Oct. 2018 and May 2019)*
	Texas Child Care Market Rate Survey Supplemental Report: Tables by Areas, Texas Institute for Child & Family Wellbeing and Ray Marshall Center for the Study of Human Resources, University of Texas at Austin	n/a	2019 *(collected Oct. 2018 through May 2019)*
	US county-level population estimates, U.S. Census Bureau	2013	2019
Health Care	Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics	N/A	2015-2019
	Medical Expenditure Panel Survey, Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services	N/A	2018 *(released Aug. 2020)*
Urban South Consumer Price Index tables, U.S. Bureau of Labor Statistics		2011-2014	2015-2019
Expenditures on Children by Families, U.S. Department of Agriculture		2012 report *(published Aug. 2013)*	2015 report *(published Jan. 2017)*

Data Sources

FAIR MARKET RENTS

The housing cost category for the Texas CORC relies on data from the U.S. Department of Housing and Urban Development (HUD), which annually estimates Fair Market Rents (FMRs) for 530 metropolitan areas and 2,045 nonmetropolitan county FMR areas.[10] FMRs are gross rent estimates and include shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. FMRs are primarily used to determine the standard payment amounts for the Housing Choice Voucher program and to determine initial renewal rents for some expiring project-based Section 8 contracts.

The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units (occupied rental units paying cash rent, with full plumbing, full kitchen, more than two years old, and meals not included in rent). The current definition of FMRs is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented.

HUD uses three data sources to develop the FMR estimates: the decennial Census, the American Community Survey (ACS), and random digit dialing (RDD) telephone surveys. The 40th percentile rent underestimates the cost of housing for many families, but in the Texas CORC, we use the difference in the cost of one-room units and two-room units, which should not be as underestimated as the total cost of housing.

U.S. DEPARTMENT OF AGRICULTURE FOOD PLANS

The food cost category uses data from the U.S. Department of Agriculture's (USDA) food plans. For over 100 years, the USDA has prepared guides for selecting nutritious diets at home at four different cost levels: thrifty, low-cost, moderate-cost, and liberal. The thrifty food plan provides a healthy, minimal-cost meal plan that shows how a nutritious diet can be achieved with limited resources and is used as the basis for the Supplemental Nutrition Assistance Program (SNAP, or food stamps) allotments. The low-cost and moderate-cost food plans provide healthy meal plans at the second and third quartiles of food spending and are used by bankruptcy courts to set alimony and child support payments. The liberal food plan provides a healthy meal plan at the fourth quartile of food spending and is used by the Department of Defense to set Basic Allowance for Subsistence (food allowance).

The Plans assume all meals and snacks are prepared at home, however, they also account for the time available for home food preparation such that each plan incorporates some prepared foods which require less preparation from scratch.

The nutritional basis of the food plans are the 1997-2005 Dietary Reference Intakes (vitamins and minerals), the 2005 Dietary Guidelines for Americans, and 2005 MyPyramid food intake recommendations. USDA's Food Plans are based on 2001-02 data and updated to current dollars using the Consumer Price Index for specific food items.[11]

Each plan is updated monthly and has 15 market baskets (for 15 age-gender groups) specifying the type and quantity of foods that people could consume at home to obtain a nutritious diet. Food plans do not contain food consumed away from home, dietary supplements, or alcohol. Costs are provided for individuals in a four-person family. The USDA provides recommended adjustments to the data to calculate the individual costs in family sizes greater or less than four.

CONSUMER EXPENDITURE SURVEYS

The transportation, miscellaneous items, and health care cost categories use data from the Consumer Expenditure Surveys (CE) collected for the Bureau of Labor Statistics by the U.S. Census Bureau. The CE data consists of two surveys, the Interview Survey and the Diary Survey, and is the only Federal survey that collects information on the buying habits, expenditures, income, and demographic characteristics of consumers in the United States. The CE program collects information on a full range of spending including food, housing, apparel and services, transportation, entertainment, and out-of-pocket health care costs including insurance premiums, and is the most comprehensive Federal household survey providing data on consumers' expenditures and income.

The Interview Survey is a rotating panel survey that collects data on major and/or recurring expenditures. Approximately 10,000 addresses are contacted each calendar quarter that yield approximately 6,000 useable interviews.[12] A housing unit can stay in the sample for up to four consecutive quarters, at which point it is removed from the sample and a new address is selected to replace it. During an interview, a consumer is asked to report on their household expenditures for the three full months prior to the interview and not including the current month at the time of the interview.

The CE surveys are designed to produce national expenditure estimates. The estimates are calculated from a sample of primarily urban areas. Currently, the CE sampling design allows for estimates to be produced for four U.S. Census regions (Northeast, Midwest, South, and West), nine Census divisions, five states (including Texas), and more than 25 metropolitan statistical areas.

NATIONAL HOUSEHOLD TRAVEL SURVEY

The cost of transportation is informed by data from the 2017 National Household Travel Survey (NHTS), which is collected for the U.S. Department of Transportation Federal Highway Administration. The NHTS collects data on daily trips taken in a 24-hour period and includes the purpose of the trip, means of transportation used (car, bus, etc.), how long the trip took, the time of day and day of the week when the trip took place; and if the trip was with a private vehicle then the number of people in the vehicle, driver characteristics, and vehicle attributes.[13]

The NHTS data are used primarily for gaining a better understanding of travel behavior and trends in travel over time. The 2017 NHTS was conducted in either English or Spanish from March 31, 2016 and May 8, 2017, with a final sample of 129,696 households.[a]

TEXAS CHILD CARE MARKET RATE SURVEY

Data on the cost of child care comes from the 2019 Texas Child Care Market Rate Survey (CCMRS) Final Report, which was conducted by the Texas Institute for Child and Family Wellbeing (TXICFW) at The University of Texas at Austin' Steve Hicks School of Social Work, in partnership with the Ray Marshall Center for the Study of Human Resources (RMC) at the LBJ School of Public Affairs at The University of Texas at Austin, as contracted by the Texas Workforce Commission (TWC).[14]

Using a combination of survey data and TWC administrative data on published rates of child care providers who accept child care subsidies, the report provides estimates of the rates charged to the general public (or the "market rate") for child care in each of the 28 local workforce development areas (LWDAs) across Texas. The market rate data are collected annually and used by the TWC and the Local Workforce Development Boards to assess the cost of child care services available in the LWDAs.

For the 2019 Texas CCMRS Final Report, three types of child care facilities were surveyed between October 2018 and May 2019: licensed child care centers, registered homes, and licensed homes. Head Start facilities were not sampled because they do not charge families directly for care.

The survey sample was selected from a list of all 14,912 licensed and registered child care facilities provided by the Texas Department of Child and Protective Services in August 2018. Of the 4,171 child care facilities sampled (2,209 centers and 1,962 homes), 1,327 center providers and 695 home providers completed the interview. Child care facilities provided information on their hours

[a] We used the 2009 NHTS data in the previous CORC model to calculate the proportion of family-related transportation miles. The data from 2009 may have underrepresented the transportation trends of younger or lower-income individuals because the sampling methodology relied on participants having a landline telephone. Beginning with the 2017 NHTS, the data collection methodology no longer uses random digit dialing (RDD) telephone sampling methodology (which only used land-line telephone numbers) or survey data collection conducted only using computer-assisted telephone interviewing (CATI) as it did for the 2009 survey. The 2017 NHTS uses Address-Based Sampling (which includes all household with a postal address) and a two-stage collection. The first stage is recruitment in which a short questionnaire about the household is mailed to households in the sampling frame with mail-back as the primary recruitment survey response mode. Households had the secondary option to respond via phone or web. The second stage was the collection of travel day information which was primarily collected with a self-reported web-based questionnaire. Respondents who were unable to or not comfortable with the web-based questionnaire were offered a phone interview using CATI. Regardless of the mode of collection, both the web and telephone interviewer used the same web-based questionnaire to collected travel day data.

of operation, vacation schedules, child age and enrollment, rates, additional fees, national accreditations, and whether they participated in the Texas Rising Star accreditation Program.

MEDICAL EXPENDITURE PANEL SURVEY HOUSEHOLD COMPONENT

The health care cost category is informed by data from the Medical Expenditure Panel Survey (MEPS), which began in 1996 and provides nationally representative estimates of health care use, expenditures, sources of payment, and health insurance coverage for the U.S. civilian noninstitutionalized population.[15] We use the MEPS Household Component (HC), which provides estimates of respondents' health status, health conditions, demographic characteristics, income, employment, charges and payments, health insurance coverage, access to care, and satisfaction with health care. Estimates can be produced for individuals, families, and selected population subgroups. Panel survey data are collected about each household member using computer assisted personal interviewing (CAPI) technology. All data for a sampled household are reported by one household respondent.

The MEPS HC sample is a subsample of households that participated in the previous year's National Health Interview Survey (NHIS) conducted by the National Center for Health Statistics. The MEPS data can be linked to the previous year's NHIS to provide additional data for longitudinal analytic purposes.

The MEPS HC-209 2018 Full Year consolidated public use data file contains information on a final sample of 29,415 people who participated in the MEPS Household Component of the Medical Expenditure Panel Survey in 2018.

POPULATION ESTIMATES

The American Community Survey (ACS), an ongoing survey conducted by the U.S. Census Bureau, provides yearly detailed population and housing data on our nation. The survey is conducted throughout the year and is sent to approximately 3.5 million addresses in all 50 states, the District of Columbia, and Puerto Rico. The data collected through the ACS is used by local, state, and federal agencies to decide where schools, highways, hospitals, and other important services are needed and to help determine how to distribute billions of federal and state dollars each year.

CONSUMER PRICE INDEXES

For Consumer Expenditure Survey data from years prior to 2019, we adjusted to 2019 dollars using the Consumer Price Index (CPI) tables. The CPI tables are produced by the U.S. Bureau of Labor statistics and measure the change in prices paid by consumers for particular goods and services. Indexes are available for consumers in the U.S. overall and several geographic areas, including urban consumers in the South.

EXPENDITURES ON CHILDREN BY FAMILIES

Since 1960, the U.S. Department of Agriculture has provided estimates of annual expenditures on children from birth through age 17.[16] The most recent report released in 2017 is based on Consumer Expenditure Surveys data from 2011 through 2015 (presented in 2015 dollars) and

provides estimates for single- and married-parent families with two children. Overall estimates and estimates for each major budget category are provided by child age group, three family income categories, and four U.S. Census regions. Adjustment factors for estimating expenditures for households with one child or three or more children are also provided.

AVOIDING DATA FROM 2020

We use the most up-to-date data possible, with the exception of limiting data to data collected before the COVID-19 pandemic began. For some data sources, data from 2020 have not yet been released. However, even though 2020 monthly USDA food plan data, 2020 Child Care Market Rate Survey data, and FY20 and FY21 Fair Market Rent (FMR) data were available, we used 2019 food plan data, 2019 child care cost data, and FY19 FMR housing cost data to avoid using data collected in 2020 or which is inflated to 2020 dollars.

Because of the COVID-19 pandemic in 2020, we use 2019 low-cost food plan data even though 2020 low-cost food plan data from the USDA are currently available. We decided to use the 2019 food cost data because the cost of food increased between 2019 and 2020 in each month from April through December more sharply than during the same months in previous years. This anomaly is likely due to the pandemic and may not represent the cost of food for a family in a typical year.

We also use 2019 child care cost data (collected between October 2018 and May 2019), even though 2020 child care cost data (collected between October 2019 and July 2020) were available. We decided to use the previous year's child care cost data to avoid using data collected during 2020, especially because many child care centers closed, temporarily or indefinitely, after mid-March 2020 due to the COVID-19 pandemic.

Finally, we use FY19 Fair Market Rent (FMR) data although FY20 and FY21 FMR data are currently available. Although the FY19 FMR dataset contains data collected prior to 2020, each final dataset is inflated to the values for that given fiscal year. Therefore, we use the FY19 FMR data, which represent housing costs in 2019 inflation-adjusted dollars, and avoid using data that represent housing costs in 2020 or 2021 inflation-adjusted dollars.

Analytic Approach

We separate the costs of raising a child into six key expenditure categories: housing, food, transportation, miscellaneous items, child care, and health care. In this section, we present our methods for estimating and allocating the marginal child-related costs for each cost category, using the above data sources. In Chapters 3, 4, and 5, we describe additional analytic details specific to each household-type.

HOUSING

To calculate child-related housing costs for each of the three household types, we use the Texas county-level data from FY19 Fair Market Rents (FMR) dataset from the U.S. Department of Housing and Urban Development. **To estimate Texas-specific child-related housing costs, CFRP calculated the population weighted average of the 40th percentile of monthly spending on**

housing across each of the 254 Texas counties. We calculated the difference in cost between a one-bedroom housing unit and a two-bedroom housing unit and weight it to the estimated 2019 Texas population. For the 2021 Texas CORC model, the annual cost of housing is not dependent on the age of the child or children in the family, and is the same for a one-child family or a two-child family, as well as a single-parent household and married-parent household.

The total housing cost for two-household family is double that of a single-parent or married-parent household because we assume that both households need a bedroom for the child or children. To determine the share of housing costs allocated to the CP and NCP in a two-household family, we assume that each have the same estimated housing cost that is equivalent to that of a single-parent or married-parent household.

For families with two children we assume that both children share a room. This assumption may underestimate the housing cost of two children for parents across all three household types. Parents may want separate rooms for an infant and older child, or for children of the opposite gender.

FOOD

We use all 12 of the USDA's monthly, Low-Cost Food Plans (LCFP) from 2019 to calculate the basic cost of food eaten at home for a child. For ages 11 to 17, food plans are broken down by gender. Therefore, the Texas CORC estimates use the average cost for males and females for children ages 11 to 17. The food plan data are reported as the cost per person in a 4-person household, therefore we make adjustments, as proposed by the USDA, to calculate the cost of food for a 2-person household (one parent and one child) or a 3-person household (one parent and two children; or two parents and one child).

For two-household families, we assume the parents have a standard order of possession and that the child or children consume 63 percent of their meals with the CP and 37 percent of their meals with the NCP. We make appropriate family-size adjustments to determine the estimated annual child-related food costs allocated to CPs and NCPs.

Per the USDA's recommendations, 10 percent is added to the LCFP when we estimate the cost of food for children in a two-person household, and 5 percent is added when we estimate the cost of food for children in three-person households. The USDA does not provide recommendations for estimating food costs across multiple households. Although food cannot be shared across two households, in a standard order of possession, a child consumes approximately two-thirds of their meals at one home and one-third at the other home.

For the Texas CORC across two households, the economies of scale adjustment for food costs is only given to the household in which the child spent the most time (the custodial parent). In the custodial single-parent household, we estimate the child's food costs as a two-person household. In contrast, in the non-custodial single-parent household, we estimate the child's food costs as though the child represented a single-person household because they do not benefit from the economies of scale like the custodial parent does.

TRANSPORTATION

We use data from the 2017 National Household Travel Survey (NHTS) and data from five years of Consumer Expenditure Surveys (2015 through 2019) to estimate the annual cost of family-related transportation. Specifically, we use the NHTS data to estimate the percent of miles traveled that are for family activities among single- and married-parent families with one or two children. Transportation expenses in the CE data include monthly payments on vehicle loans, down payments, gasoline and motor oil, maintenance and repairs, insurance, and public transportation (including airline fares). We apply the percent of family-miles traveled to the total annual cost of household transportation, calculated from the CE data as reported by single-parents and married-parents ages 20-60 years, living in the southern region of the U.S., with one or two children under age 18, and who have no additional family or non-family household members.

In the 2017 NHTS, among single-parent families, 68 percent of total transportation activities were estimated to be family-related and among married-parent families, 65 percent of transportation activities were family-related. For the 2021 Texas CORC model, we use expenditure data reported by single parents to calculate the cost of family-related transportation activities for single-parent households and we use expenditure data reported by married parents to calculate the cost of family-related transportation activities for married-parent households.

For both single- and married-parent household models, we assume that family-related transportation activities are allocated equally among household members such that the cost for a one-child family is the per-capita cost of one person in a single- or married-parent household and the cost for a two-child family is the per-capita cost for two people in a single- or married-parent household. The child-related transportation costs are estimated among families with incomes at or below the 40th percentile of the income distribution, to be consistent with the housing, child care, miscellaneous items, and health care estimates.

For children growing up in two households, the custodial and non-custodial parent share the child-related transportation costs. For transportation, the two-household estimate is most similar to that of the married-parent estimate—both parents require forms of transportation (i.e., a vehicle, bus pass, etc.), and share the family-related transportation costs. But, because the parents live in two households, each household is a single-parent household in terms of the proportion of transportation activities that are family-related. Therefore, the Texas CORC across two households was estimated as the per-capita family-related transportation costs equal to 68 percent (the proportion of total transportation activities in single-parent households that are family-related) applied to the total married-parent transportation costs. To reflect a standard order of possession, 63 percent of the per-capita child transportation costs are allocated to the custodial parent and 37 percent of the costs are allocated to the non-custodial parent.

MISCELLANEOUS

We use data from five years of Consumer Expenditure Surveys (2015 through 2019) to estimate the annual cost of child-related miscellaneous items (e.g. clothing, reading materials, care items, toys, entertainment) as reported by single-parents and married-parents ages 20-60

years, living in the southern region of the U.S., with one or two children under age 18, and who have no additional family or non-family household members.

For the 2021 Texas CORC model, we use reported expenditure data from single parents to calculate the cost of miscellaneous items for single-parent households and we use reported expenditure data from married parents to calculate the cost of miscellaneous items for married-parent households.

To generate annual estimates for single- or married-parent households with one child, the estimate is based on the clothing cost for one child plus the per-capita cost of all other miscellaneous items. To generate annual estimates for single- or married-parent households with two children, the estimate is based on the clothing cost for two children plus the per-capita costs of all other miscellaneous items for two people.

The CE data for a family's expenditure on child clothing does not include expenditures on clothing for 16- or 17-year-old children. We assume that a family's child-related clothing expenditure for a 15-year-old are similar to that for a 16- or 17-year-old. Thus, to accurately estimate the clothing costs for families with 16- and 17-year-olds, we assign the average annual clothing cost among one-child families with a 15-year-old to all families with a 16- or 17-year-old (including one- or two-child families in which the older of the two children is 16 or 17 years but there is also a child age 14 years or younger). The child clothing and other miscellaneous expenses are estimated for families with incomes at or below the 40th percentile of the income distribution, to be consistent with the housing, child care, transportation, and health care estimates.

For two-household families, we assume that a portion of the total cost of miscellaneous items cannot be shared between CPs and NCPs because both households need to have certain items for the child (e.g. toothbrush, towels, bedding, books). Using the 2015-2019 CE data, we take a slightly different approach than for the 2016 models to estimate the cost of miscellaneous items for children living across two households.[b] For each type of expenditure within the miscellaneous category, we assign a shareable factor of 1, 1.5, or 2 to the single-parent family cost. The shareable factor indicates the extent to which a child could reasonably share the item across households and would use the same amount of those items regardless of which house they reside in (factor of 1; e.g. school books, movie or amusement park tickets, haircut), may share some but not all items (factor of 1.5; e.g. clothing), or would likely not share the item across households and would need twice as many (factor of 2; e.g. toys, playground equipment, bicycle). Therefore, to estimate the total annual cost of miscellaneous items for two-household families with one or two children, we use CE expenditure data for single-parents multiplied by

[b] In the 2016 Texas CORC model, by comparing the average cost of miscellaneous items between single-parent households and married-parent households, we determined that approximately 24 percent of the total cost of miscellaneous items cannot not be shared across households. To calculate the total cost of child-related miscellaneous items for children living across two households, we used the single-parent cost estimate and added 24 percent.

the shareable factor for each item. CPs are allocated 63 percent of that amount and NCPs are allocated 37 percent of that amount.

CHILD CARE

To calculate the annual cost of child care by child age, we use the regional 40th percentile daily cost for licensed child care centers reported in the 2019 Texas Child Care Market Rate Survey. We assume that children ages zero to five years old receive full-day care for 250 days per year (five days per week for 50 weeks per year), children ages six to 14 years old receive full-day care for 80 days per year (summer) and part-time care for 170 days per year (after-school), and children ages 15 to 17 years old receive no child care. For the final annual cost of child care, we weight the regional costs to the estimated 2019 Texas population. For each of the six 3-year age-groups, the cost of child care for two children is double the cost for one child.

For the 2021 Texas CORC model, we assume that child care costs are the same for single-parent households, married-parent households, and two-household families. However, for determining the share of child care costs allocated to the CP and NCP in a two-household family, we assume that the full cost of child care is allocated to the custodial parent.

HEALTH CARE

To ensure the CORC model is as representative as possible of a family's child-related expenses we added an expenditure category, health care, to the 2021 Texas CORC model. The 2016 Texas CORC model, which relied largely on data from 2011 through 2013, did not include health care costs because health care costs were evolving due to the recently enacted Affordable Care Act. Additionally, the way that child-related health care costs are shared between parents in Texas is defined in a separate medical support obligation that depends on factors such as whether health insurance is available through each parent's employer, the cost of the health insurance premium through employer-provided insurance, and the type of health insurance available to the child (e.g. a private insurer or Medicaid).

To estimate the child-related health care costs for a family, we first rely on data from the Medical Expenditure Panel Survey (MEPS) to estimate the proportion of a family's health care expenses that are spent on the child or children in the family. Next, we use Consumer Expenditure Surveys (CE) data to determine the annual cost of health care for single-parent households and married-parent households.

Overall health care costs for a family are the sum of health insurance costs and out-of-pocket health care costs (from medical supplies, prescription drugs, and medical services not covered by insurance). To estimate the annual child-related health care expenditure for single-parent and married-parent households, we apply the share of child-related health care expenses, estimated using the MEPS data, to the estimated annual health care expenses of the family, estimated using the CE data. The child-related health care costs are estimated for families with incomes at or below the 40th percentile of the income distribution, to be consistent with the housing, child care, transportation, and miscellaneous items estimates.

For two-household families, we take a slightly different approach to allocating health care costs to the CP and NCP than for the other expenditure categories by addressing the two components of overall health care costs separately. We assume that overall health care costs for a child or children living across two households are most similar to that of a single-parent household. Therefore, we use the child-related health care cost estimate for single-parent households as the overall estimate for two-household families. For families with a child support order in Texas, the NCP is typically responsible for the cost of their child's health care premium while the child's out-of-pocket health care costs are generally split evenly between CP and NCP. Therefore, for the purpose of the model, we allocate the cost of health insurance to the NCP and we allocate half of the out-of-pocket health care cost estimate to each parent.

Child Age Groups

The cost of raising children changes as children get older. The Texas CORC is estimated for the same six age categories of children used in the USDA estimate: 0-2, 3-5, 6-8, 9-11, 12-14, and 15-17. In two-child families, both children are assumed to be in the same age category for simplicity.

Family Structure and Parity

We generate the Texas CORC estimates for three family structures: single-parent, married-parent, and importantly, across two households (shared physical custody among two single parents). The two-household Texas CORC model best reflects the reality of raising children in families with a child support order, and has important implications for how to best estimate those costs.

For the cost categories that rely on CE data (transportation, miscellaneous items, health care), we use data from single-parent families in the CE data for the single-parent Texas CORC estimates and we use data from married-parent families in the CE data for the married-parent Texas CORC estimates.

For the two-household model, the transportation costs are estimated among married-parent families in the CE data with an adjustment, and the miscellaneous costs are estimated among single-parent families in the CE data with an adjustment, assuming that the total costs of each are then shared between the custodial and non-custodial parents. Health care costs for the two-household model are estimated among single-parent families with no adjustment, assuming that the cost of the child's health insurance is covered by one parent and out-of-pocket child-related health care costs are split equally between custodial and non-custodial parents.

For each family structure, we estimate the Texas CORC for families with one child and for families with two children. The estimates for two-child families are presented as the combined costs related to both children. We present additional detail on the specific methodology associated with each estimate in the following chapters.

Inflation Adjustments

To ensure that all CORC model data are as representative of 2019 cost and income data as possible, we adjust for inflation for earlier years of expenditure data and household income

data. For expenditures on transportation, miscellaneous items, and health care calculated from CE data from 2015 to 2018, we apply an adjustment for inflation to 2019 dollars based on the Urban South Consumer Price Index tables for the following specific items: transportation, other goods and services, and medical care.

From the CE data, we use family income to identify families at or below the 40th percentile of income for the transportation, miscellaneous items, and health care expenditure category calculations. For family income data from 2015 to 2018, we apply an adjustment for inflation to 2019 dollars based on the Urban South Consumer Price Index table for all items.

To compare the Texas CORC estimates to the most recent expenditure estimates from the USDA, we also make inflation adjustments to the USDA's estimates. In the USDA's *Expenditures on Children by Families, 2015* report, expenditures and income ranges are reported in 2015 dollars. We use a similar process as described above to adjust the 2015 results to 2019 dollars. Specifically, for each USDA expenditure category (housing, food, transportation, clothing, health care, child care and education, and miscellaneous) we apply an adjustment for inflation to 2019 dollars by using item-specific Consumer Price Index tables for consumers in the Urban South. For 2015 income values reported by the USDA, we apply an adjustment for inflation to 2019 dollars by using the Urban South Consumer Price Index table for all items.

In this current report, all data that we cite from the USDA's 2015 expenditure estimates have been adjusted for inflation to 2019 dollars.

CHAPTER 3: SINGLE-PARENT TEXAS CORC

In this chapter, we present the single-parent Texas CORC. We start the chapter with a summary of the methodology followed by the estimates.

Methodology

The Texas CORC for single-parent families is estimated separately for families with one child and for two children. Using the data sources and methodology outlined in Chapter 2, a summary of how the child-related costs are estimated in one-child and two-child families is presented in Table 2.

Table 2. Child-Related Costs for Single-Parent CORC

Cost Category	One Child	Two Children
Housing	Cost of one additional bedroom (difference between a one-bedroom and two-bedroom unit)	Same as one-child household
Food	Per-capita child food costs in a two-person household	Per-capita food costs for two children in a three-person household
Transportation	Family-related transportation activities (68% of total) allocated equally among household members (two people). Cost for one child equals the per-capita costs for one person.	Family-related transportation activities (68% of total) allocated equally among household members (three people). Cost for two children equal the per-capita costs for two children.
Miscellaneous	Clothing costs for one child + per-capita child miscellaneous costs	Clothing costs for two children + per-capita child miscellaneous costs for two children
Child Care	One child in licensed center-based child care	Two children in licensed center-based child care
Health Care	Proportion of child-related health care costs in a single-parent, one child household (16% of family total) applied to total family health care costs.	Proportion of child-related health care costs in a single-parent, two child household (32% of family total) applied to total family health care costs.

The Single-Parent Estimate

We assume there are things that children need that apply to all families and represent the basic cost of raising a child at a healthy standard. For all families, the base cost is the sum of child-related costs for housing, food, transportation, and miscellaneous items. The annual base cost of raising one child in a single-parent family in Texas is $7,430 (or $619 monthly) (Table 3a). The annual base cost of raising two children in a single-parent family is $10,631 (or $886 monthly) (Table 3b). We also present additional annual estimates including or excluding child care and health care, as well as the breakdown by age and cost category below.

Table 3a. Total Estimated Annual Texas CORC for Single-Parent Families with One Child

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$2,339	$1,712	$1,506	$1,043	$6,600
3-5	$2,339	$1,802	$997	$1,274	$6,412
6-8	$2,339	$2,545	$1,321	$1,197	$7,402
9-11	$2,339	$2,751	$1,780	$1,839	$8,709
12-14	$2,339	$2,954	$1,434	$1,226	$7,953
15-17	$2,339	$2,969	$1,365	$1,110	$7,783
Average Annual Base Cost	**$2,339**	**$2,456**	**$1,365**	**$1,270**	**$7,430**

Table 3b. Total Estimated Annual Texas CORC for Single-Parent Families with Two Children

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$2,339	$3,268	$1,664	$1,408	$8,679
3-5	$2,339	$3,441	$2,116	$1,663	$9,559
6-8	$2,339	$4,858	$1,996	$2,273	$11,466
9-11	$2,339	$5,252	$2,305	$1,965	$11,861
12-14	$2,339	$5,640	$1,620	$1,409	$11,008
15-17	$2,339	$5,668	$2,163	$1,127	$11,297
Average Annual Base Cost for Two Children	**$2,339**	**$4,688**	**$1,888**	**$1,716**	**$10,631**

Note: Both children are assumed to be in the same age category.

In the Texas CORC model, the annual average cost of raising children is estimated with and without child care costs included and with and without health care costs included, because families will meet these cost needs differently (Tables 3a, 3b, 4a, and 4b).

With child care costs added to the base cost (but without health care costs), the estimated annual average cost among single-parent families in Texas is $12,203 for one child ($7,430 + $4,773) and $20,176 for two children ($10,631 + $9,545) (Tables 4a and 4b). Given the high cost of child care, by excluding child care costs we underestimate the actual cost of raising a child for parents who are working by approximately 47 percent (for two children; 40 percent for one child).

With health care costs added to the base cost (but without child care costs), the estimated annual average cost among single-parent families in Texas is $7,628 for one child ($7,430 + $198) and $10,960 for two children ($10,631 + $329) (Tables 4a and 4b). Many families, especially single parents who use Medicaid as their child's health insurance provider, pay nothing for child-related health care. In the CE survey data, many children also have no or very low health care costs. From the data, we estimate that the average annual child-related health care costs are minimal and only increase the total cost of raising a child by $198 (for one child) or $329 (for two children) on average each year. However, we recognize that health care costs for families can vary widely and may be much higher for some families than the average estimates we present here.

With child care costs and health care costs both added to the base cost, the estimated annual average cost among single-parent families in Texas is $12,401 for one child ($7,430 + $4,773 + $198) and $20,505 for two children ($10,631 + $9,545 + $329) (Tables 4a and 4b).

Table 4a. Total Estimated Annual Texas CORC with Child Care and Health Care for Single-Parent Families with One Child

Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$6,600	$7,387	$66	$13,987	$6,666	$14,053
3-5	$6,412	$6,507	$116	$12,919	$6,528	$13,035
6-8	$7,402	$4,914	$167	$12,316	$7,569	$12,483
9-11	$8,709	$4,914	$292	$13,623	$9,001	$13,915
12-14	$7,953	$4,914	$249	$12,867	$8,202	$13,116
15-17	$7,783	$0	$244	$7,783	$8,027	$8,027
Average Annual Cost	**$7,430**	**$4,773**	**$198**	**$12,203**	**$7,628**	**$12,401**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items.

Table 4b. Total Estimated Annual Texas CORC with Child Care and Health Care for Single-Parent Families with Two Children

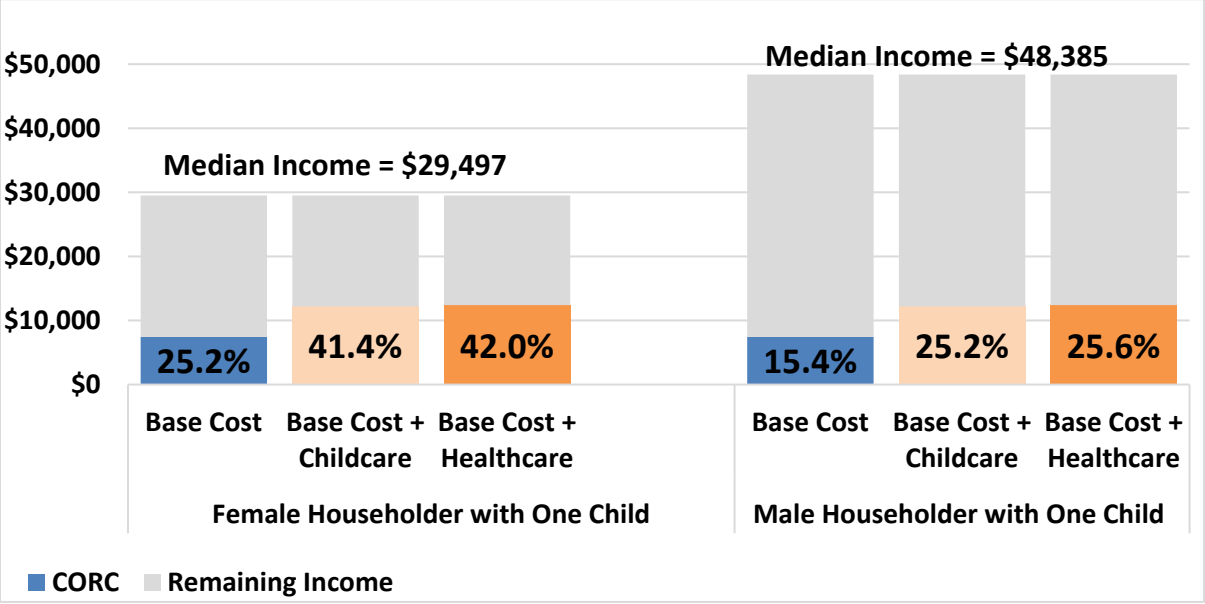
Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$8,679	$14,774	$194	$23,453	$8,873	$23,647
3-5	$9,559	$13,013	$360	$22,572	$9,919	$22,932
6-8	$11,466	$9,828	$216	$21,294	$11,682	$21,510
9-11	$11,861	$9,828	$138	$21,689	$11,999	$21,827
12-14	$11,008	$9,828	$874	$20,836	$11,882	$21,710
15-17	$11,297	$0	$577	$11,297	$11,874	$11,874
Average Annual Cost for Both Children	**$10,631**	**$9,545**	**$329**	**$20,176**	**$10,960**	**$20,505**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items. Both children are assumed to be in the same age category.

Cost as a Percentage of Family Income

The median income among single parents with children under 18 years old in Texas in 2019 was $29,497 for female-householders and $48,385 for male-householders.[17] The Texas CORC for one child in a single-parent family is $7,430, which is one quarter (25.2%) of the median income among female-householders and less than 20 percent (15.4%) of the median income among male-householders (Figure 1a). The Texas CORC with child care and health care costs for one child in a single-parent family is $12,401, which is over forty percent (42.0%) of the median income among female-householders and one quarter (25.6%) of the median income amount male-householders (Figure 1a).

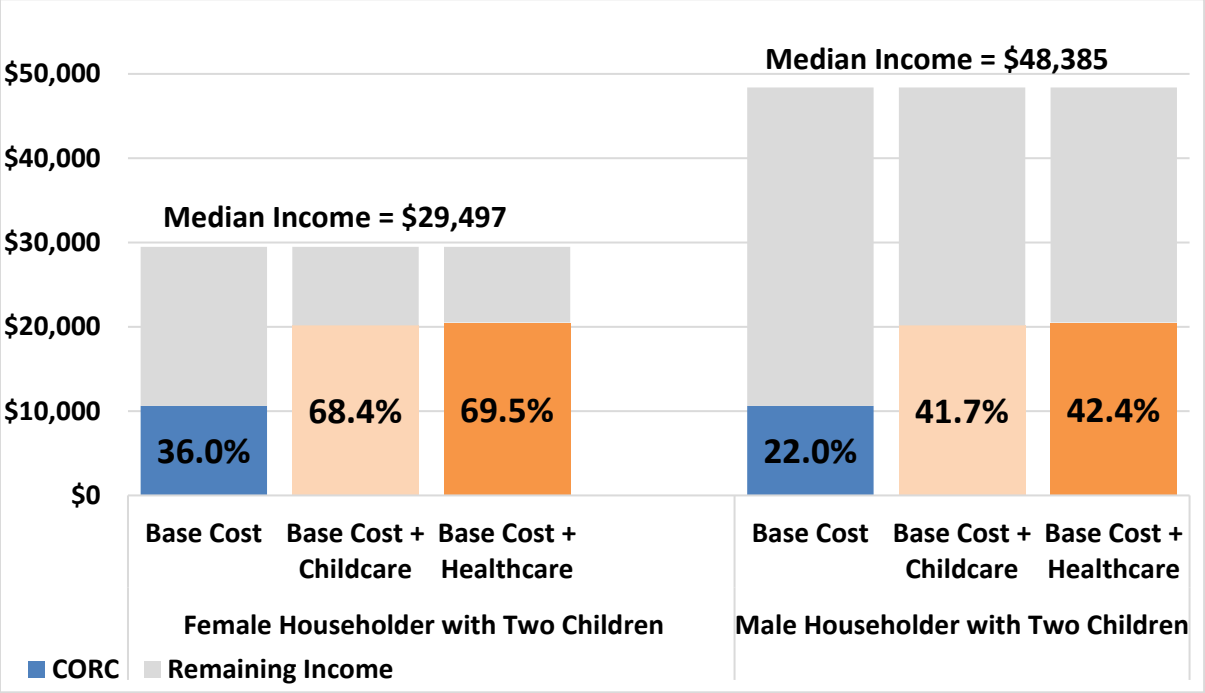
Figure 1a. Single-Parent, One Child Texas CORC Estimates as a Percentage of Median Income



Note: Texas CORC estimates are for one-child single-parent families. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

The Texas CORC for two children in a single-parent family is $10,631, which is over one third (36.0%) of the median income among female-householders and close to 20 percent (22.0%) of the median income amount male-householders (Figure 1b). The Texas CORC with child care and health care costs for two children in a single-parent family is $20,505, which is over two-thirds (69.5%) of the median income among female-householders and over forty percent (42.4%) of the median income amount male-householders (Figure 1b).

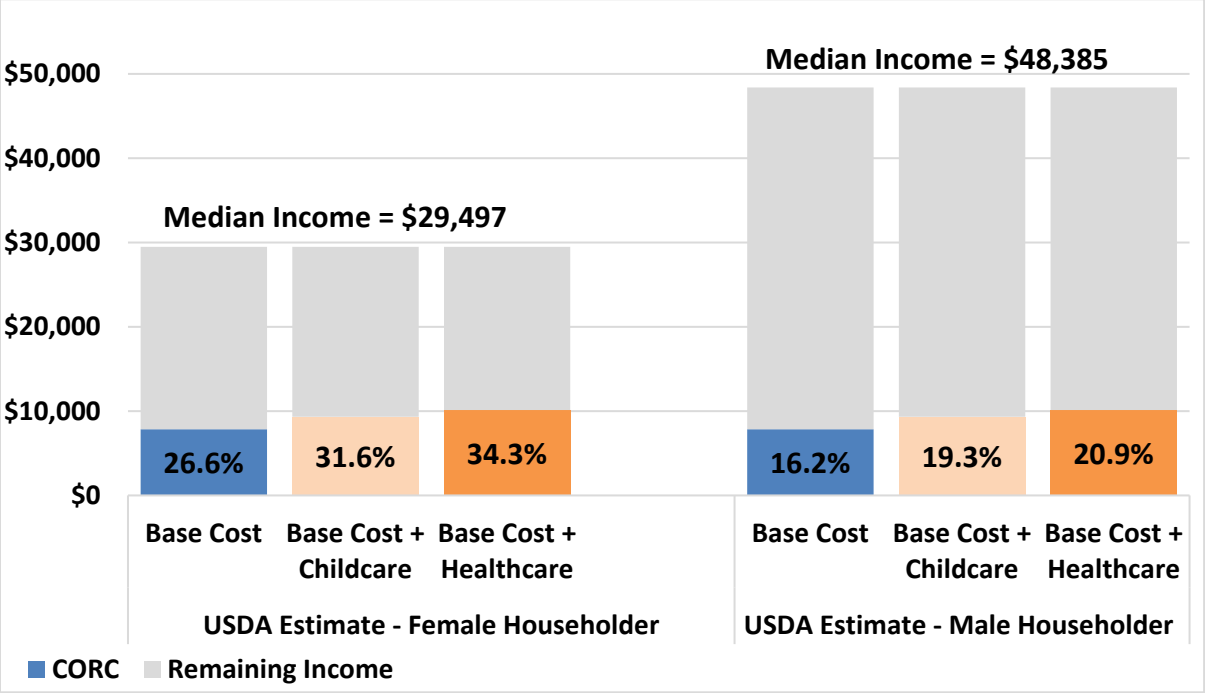
Figure 1b. Single-Parent, Two Child Texas CORC Estimates as a Percentage of Median Income



Note: Texas CORC estimates are for two-child single-parent families. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

As a point of comparison, we compare the most recent expenditure estimates from the USDA (in 2019 inflation-adjusted dollars) to the median income for single-parent male- and female-householders in Texas. For one child in a two-child, single-parent family in the U.S. earning less than $63,346 per year, the USDA's average expenditure estimate is $7,859 on base costs.[18] The USDA cost estimate for raising a child is one quarter (26.6%) of the median income among single-parent female-householders in Texas and less than 20 percent (16.2%) of the median income among single-parent male-householders in Texas (Figure 2). Additionally, from the most recent USDA estimates adjusted to 2019 dollars, a single parent spends $10,130 on average annually on base costs plus child care and health care costs. The USDA estimate for the cost of raising a child including child care and health care is one-third (34.3%) of the median income among single-parent female-householders in Texas and one-fifth (20.9%) of the median income among single-parent male-householders in Texas (Figure 2).

Figure 2. Single-Parent USDA Estimates as a Percentage of Median Income



Note: USDA estimates are for one child in a two-child family (the closest comparison to Texas CORC one-child family estimates). USDA estimates are from the USDA 2015 report released in 2017 which used CE data from 2011-2015 and has been adjusted to 2019 dollars. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

CHAPTER 4: MARRIED-PARENT TEXAS CORC

In this chapter, we present the married-parent Texas CORC. We start the chapter with a summary of the methodology followed by the estimates.

Methodology

The Texas CORC for married-parent families is estimated for families with one child and for two children. Using the data sources outlined in Chapter 2, a summary of how the child-related costs are estimated in one-child and two-child families is presented in Table 5.

The housing and child care costs remain the same as in the single-parent CORC, but food costs change because the household size increases, and the transportation, miscellaneous, and health care costs change because they are estimated among married-parent families in the CE data rather than among single-parent families. In a married-parent family, the two parents can share many of the transportation, miscellaneous, and health care expenses.

Table 5. Child-Related Costs for Married-Parent CORC

Cost Category	One Child	Two Children
Housing	Cost of one additional bedroom (difference between a one-bedroom and two-bedroom unit)	Same as one-child household
Food	Per-capita child food costs in a three-person household	Per-capita food costs for two children in a four-person household
Child Care	One child in licensed center-based child care	Two children in licensed center-based child care
Transportation	Family-related transportation activities (65% of total) allocated equally among household members (three people); cost for one child equals the per-capita costs for one person	Family-related transportation activities (65% of total) allocated equally among household members (four people); cost for two children equals the per-capita costs for two people
Miscellaneous	Clothing costs for one child + per-capita child miscellaneous costs	Clothing costs for two children + per-capita child miscellaneous costs for two children
Health Care	Proportion of child-related health care costs in a married-parent, one-child household (17% of family total) applied to total family health care costs.	Proportion of child-related health care costs in a married-parent, two-child household (27% of family total) applied to total family health care costs.

The Married-Parent Estimate

As with single-parent families, we assume there are things that children need that apply to all families and represent the basic cost of raising a child at a healthy standard. For all families, the base cost is the sum of child-related costs for housing, food, transportation, and miscellaneous items. The annual base cost of raising one child in a married-parent family in Texas is $7,549 (or $629 monthly) (Table 6a). The annual base cost of raising two children in a married-parent family is $11,129 (or $927 monthly) (Table 6b). We also present additional annual estimates including and excluding child care and health care, as well as the breakdown by age and cost category below.

Table 6a. Total Estimated Annual Texas CORC for Married-Parent Families with One Child

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$2,339	$1,634	$1,554	$1,312	$6,839
3-5	$2,339	$1,720	$1,548	$1,068	$6,675
6-8	$2,339	$2,429	$1,508	$1,195	$7,471
9-11	$2,339	$2,626	$1,812	$1,615	$8,392
12-14	$2,339	$2,820	$1,525	$1,123	$7,807
15-17	$2,339	$2,834	$1,873	$1,146	$8,192
Average Annual Base Cost	**$2,339**	**$2,344**	**$1,652**	**$1,214**	**$7,549**

Table 6b. Total Estimated Annual Texas CORC for Married-Parent Families with Two Children

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$2,339	$3,113	$2,439	$1,649	$9,540
3-5	$2,339	$3,277	$2,366	$1,530	$9,512
6-8	$2,339	$4,627	$2,516	$2,366	$11,848
9-11	$2,339	$5,002	$2,949	$2,143	$12,433
12-14	$2,339	$5,372	$2,585	$1,569	$11,865
15-17	$2,339	$5,398	$2,390	$1,187	$11,314
Average Annual Base Cost for Two Children	**$2,339**	**$4,465**	**$2,541**	**$1,784**	**$11,129**

Note: Both children are assumed to be in the same age category.

With child care costs added to the base cost (but without health care costs), the estimated annual average cost among married-parent families in Texas is $12,322 for one child ($7,549 + $4,773) and $20,674 for two children ($11,129 + $9,545) (Tables 7a and 7b).

With health care costs added to the base cost (but without child care costs), the estimated annual average cost among married-parent families in Texas is $8,291 for one child ($7,549 + $742) and $12,094 for two children ($11,129 + $965) (Tables 7a and 7b).

With child care costs and health care costs both added to the base cost, the estimated annual average cost among married-parent families in Texas is $13,064 for one child ($7,549 + $4,773 + $742) and $21,639 for two children ($11,129 + $9,545 + $965) (Tables 7a and 7b).

Table 7a. Total Estimated Annual Texas CORC with Child Care and Health Care for Married-Parent Families with One Child

Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$6,839	$7,387	$697	$14,226	$7,536	$14,923
3-5	$6,675	$6,507	$531	$13,182	$7,206	$13,713
6-8	$7,471	$4,914	$555	$12,385	$8,026	$12,940
9-11	$8,392	$4,914	$735	$13,306	$9,127	$14,041
12-14	$7,807	$4,914	$844	$12,721	$8,651	$13,565
15-17	$8,192	$0	$1,019	$8,192	$9,211	$9,211
Average Annual Cost	**$7,549**	**$4,773**	**$742**	**$12,322**	**$8,291**	**$13,064**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items.

Table 7b. Total Estimated Annual Texas CORC with Child Care and Health Care for Married-Parent Families with Two Children

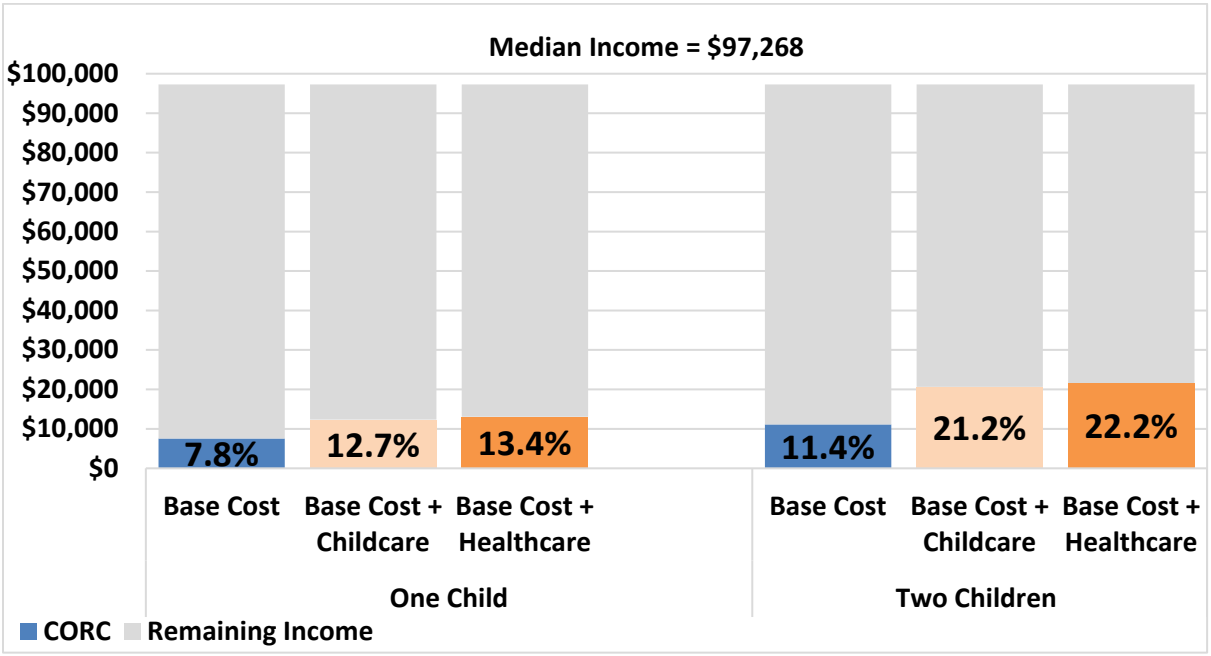
Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$9,540	$14,774	$813	$24,314	$10,353	$25,127
3-5	$9,512	$13,013	$730	$22,525	$10,242	$23,255
6-8	$11,848	$9,828	$1,156	$21,676	$13,004	$22,832
9-11	$12,433	$9,828	$1,255	$22,261	$13,688	$23,516
12-14	$11,865	$9,828	$1,048	$21,693	$12,913	$22,741
15-17	$11,314	$0	$1,452	$11,314	$12,766	$12,766
Average Annual Cost for Both Children	**$11,129**	**$9,545**	**$965**	**$20,674**	**$12,094**	**$21,639**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items. Both children are assumed to be in the same age category.

Cost as a Percentage of Family Income

The median income among married-parent families with children under 18 years old in Texas in 2019 was $97,268.[19] The Texas CORC for married-parent families with one child is $7,549, which is not quite 8 percent of the median income among married parents (Figure 3). For married-parents with one child, the Texas CORC with child care and health care costs is $13,064, or approximately 13 percent of the median family income (Figure 3). For married-parents with two children, the Texas CORC is $11,129, just over one-tenth of the median family income (11.4%) (Figure 3). The Texas CORC with child care and health care costs for married-parents with two children is $21,639, nearly one quarter (22.2%) of the median family income (Figure 3).

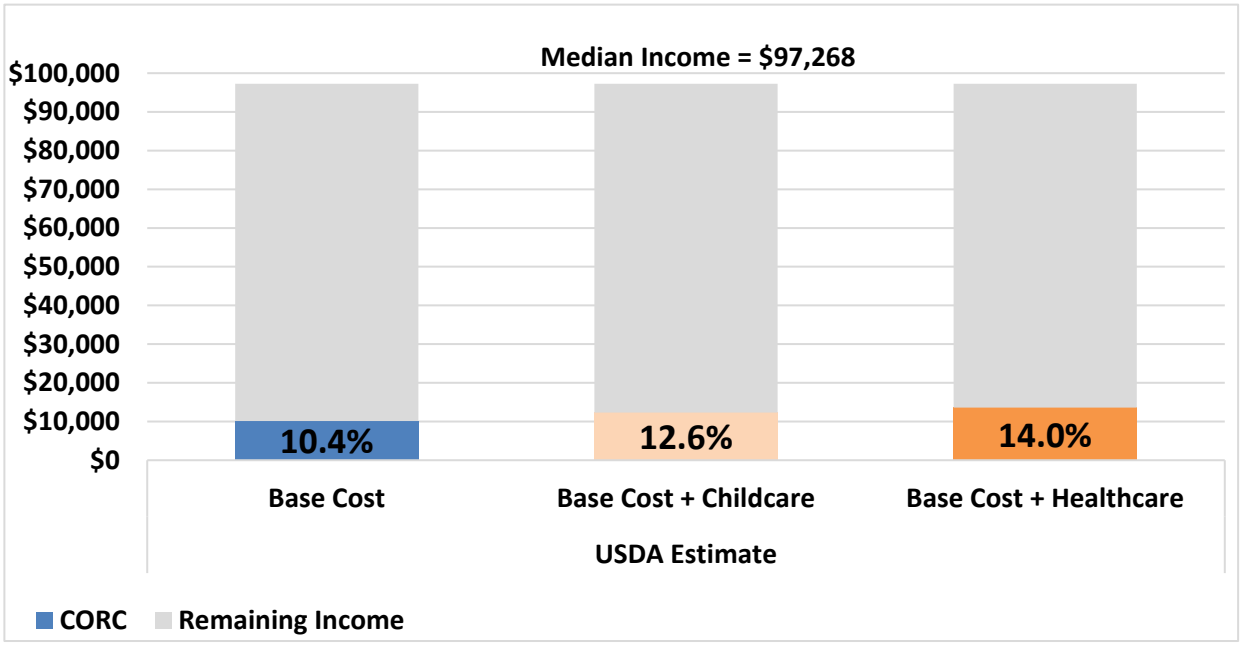
Figure 3. Married-Parent Texas CORC Estimates as a Percentage of Median Income



Note: Texas CORC estimates are for one-child or two-child married-parent families. Median income is based on 2019 Texas median income for married-parent families with at least one child under 18 years. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

In comparison, the most recent estimates (in 2019 inflation-adjusted dollars) from the USDA of expenditures on one child in a two-child, married-parent family earning between $63,346 and $114,992 suggests parents spend $10,120 on average annually on base costs, which is one-tenth (10.4%) of the median income among married-parent families in Texas (Figure 4).[20] Additionally, from the most recent USDA estimates, married-parents spend $13,581 on average annually on base costs plus child care and health care costs. The USDA estimate for the cost of raising a child including child care and health care is less than 20 percent (14.0%) of the median income among married-parent families in Texas (Figure 4*).*

Figure 4. Married-Parent USDA Estimates as a Percentage of Median Income



Note: USDA estimates are for one child in a two-child family. USDA estimates are from the USDA 2015 report released in 2017 which used CE data from 2011-2015 and has been adjusted to 2019 dollars. Median income is based on 2019 Texas median income for married-parent families with children under 18 years. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

CHAPTER 5: TWO-HOUSEHOLD TEXAS CORC

In this chapter, we present the two-household Texas CORC which estimates how much it costs to raise a child across two households when the child's parents have shared (but not equally shared) physical custody. Spending time in multiple households is the reality for many children in families with a child support order, yet none of the most common methods (i.e., the Rothbarth, Engel, or USDA methods) used by states to estimate the cost of raising children provide an estimate across two households.

Raising children across multiple households incurs a unique set of child-specific costs. Some costs are double the single-parent or married-parent models, some costs are constant, but are shared by the custodial and non-custodial parents, and other costs are greater, but not quite double the single-parent or married-parent models. Estimating the unique set of child-specific costs associated with raising children across two households provides the most accurate estimate of the cost of raising children for informing Texas' Child Support guidelines.

The Texas Family Code requires that child support orders include a parenting time order that establishes the rights and duties of the parents, provides for periods of custody of and access to the child, provides for child support, and optimizes the development of a close and continuing relationship between each parent and the child.[21] Texas law also provides a statutory standard possession order, which is presumed to provide a non-custodial parent with a reasonable minimum amount of time with his or her child, and be in the best interest of the child. In the standard possession order (Texas Family Code section 153.312) for parents who reside within 100 miles of each other, the possessory conservator (non-custodial parent) shall have the right to possession (custody) of the child as follows:

- First, third, and fifth weekends of every month.
- Thursday evenings of each week.
- Alternating holidays (such as Thanksgiving every other year).
- An extended period of time (30 days) during the summer vacation.

For the purposes of estimating the Texas CORC across two households, we assume the NCP provides care for the child for 37 percent of the time and the CP provides care for the child for the remining amount of time. This "allocation factor" (37% for the NCP and 63% for the CP) is incorporated into calculations of costs that are shared between the two parents (e.g. food, transportation, and miscellaneous). Importantly, this allocation factor may overestimate how much care the NCP provides for the child if the standard possession order is not fully exercised. Conversely, the allocation factor may underestimate the amount of care the NCP provides if the NCP cares for the child for more time than the order specifies or if the standard possession order is fully exercised in a particular calendar year when the NCP provides care during all holidays.

First, we summarize the methodology for estimating the two-household Texas CORC, then we present the estimates.

Methodology

The Texas CORC for families raising children across two households with a custodial and non-custodial parent is estimated for one child and for two children. Using the data sources and analytic approach outlined in Chapter 2, a summary of how the child-related costs are estimated in one-child and two-child families for both the CP and NCP is presented in Table 8.

The housing costs double because one additional bedroom is needed in each house. Housing costs cannot be shared across households. Food costs increase because food cannot be shared across two households. Assuming a standard order of possession is in place, a child consumes approximately 63 percent of his or her meals at one home and 37 percent at the other home. We assume that only the CP receives the economies of scale benefit associated with food purchases. That is, 63 percent of the child-related food costs are the per-capita costs in a two-person household (with the CP), and 37 percent of the child-related food costs are the per-capita costs in a one-person household (with the NCP). Child care costs remain the same (we assume the child is in the same child care setting across households). For the purpose of the CORC model, we allocate 100 percent of child care costs to the custodial parent.

As noted in Chapter 2, the transportation- and miscellaneous-related costs are the most difficult to conceptualize across two households. Some transportation and miscellaneous costs are doubled because there are two parents, but some costs are shared by the CP and NCP. Estimates for transportation and miscellaneous costs are adapted for two households using the USDA methodology. For transportation, the two-household estimate is most similar to that of the married-parent estimate—both parents require forms of transportation (i.e., a vehicle, bus pass, etc.), and share the family-related transportation costs. But, because the parents live in two households, each household is a single-parent household in terms of the proportion of transportation activities that are family-related. Therefore, we estimate the transportation costs across households as the per-capita family-related transportation costs equal to 68 percent (the proportion of total transportation activities in single-parent households that are family-related) of the total married-parent transportation costs. To reflect a standard order of possession, we allocate 63 percent of the per-capita child transportation costs to the custodial parent and 37 percent of the costs to the non-custodial parent.

Estimating the child-related miscellaneous and clothing costs across two households must account for both households having certain items (toothbrushes, toys, etc.) for the child, but sharing other items (clothing, personal entertainment devices). We estimate the cost for miscellaneous items across two households as the per-child clothing cost multiplied by a factor of 1.5 plus the per-capita cost of all other miscellaneous items multiplied by a factor of 1 (sharable items) or 2 (to account for the items that are not shared across the two households). Per the standard possession order, we allocate 63 percent of those costs to the custodial parent and 37 percent of the costs to the non-custodial parent.

To estimate the child's overall health care costs across two households, we account for the cost of the child's health insurance and child-related out-of-pocket health care costs. Child-related health care costs can be shared across households and we assume they do not vary based on

the amount of time a child spends with either parent. Although it is not challenging to conceptualize how health care costs may be shared between a CP and NCP – the NCP likely covers the cost of health insurance while out-of-pocket health care costs are often shared equally between the CP and NCP – we are limited by the data collected by the Consumer Expenditure Surveys. In the CE data, health care expenditures are collected at the family level so we do not know how much families spend on health care for a particular child in the family.

We assume the cost of health insurance and out-of-pocket health care costs for a child are most similar to that of a child living in a single-parent household. Therefore, we estimate the total two-household health insurance and out-of-pocket health care costs for one child living across two households as the child-related health care costs equal to 16 percent (the proportion of health care costs attributable to the child in a single-parent family) of the total one-child, single-parent family health care costs. We estimate the total two-household health insurance and out-of-pocket health care costs for two children across two households as the child-related health care costs equal to 32 percent (the total proportion of health care costs attributable to the two children in a single-parent family) of the total two-child, single-parent family health care cost.

We assume that the parents equally share the child-related out-of-pocket health care costs, such that the CP and NCP are each allocated 50 percent of the cost. We assume the cost of a child's health insurance is covered by the NCP.

Table 8. Child-Related Costs for Two-Household CORC

Cost Category	One Child	Two Children
Housing	**CP:** One additional bedroom (difference between a one-bedroom and two-bedroom unit) **NCP:** One additional bedroom (difference between a one-bedroom and two-bedroom unit)	**CP:** One additional bedroom (difference between a one-bedroom and two-bedroom unit) **NCP:** One additional bedroom (difference between a one-bedroom and two-bedroom unit)
Food	**CP:** 63% of per-capita food costs for one child in a two-person household **NCP:** 37% of per-capita food costs for one child in a one-person household	**CP:** 63% of per-capita food costs for two children in a three-person household for **NCP:** 37% of per-capita food costs for two children in a two-person household
Child Care	**CP:** One child in licensed center-based child care **NCP:** No cost	**CP:** Two children in licensed center-based child care **NCP:** No cost
Transportation	**CP:** 63% of per-capita family-related transportation costs (68% of the total married-parent transportation costs) for one child **NCP:** 37% of per-capita family-related transportation costs (68% of the total married-parent transportation costs) for one child	**CP:** 63% of per-capita family-related transportation costs (68% of the total married-parent transportation costs) for two children **NCP:** 37% of per-capita family-related transportation costs (68% of the total married-parent transportation costs) for two children
Miscellaneous	**CP:** 63% of per-capita miscellaneous costs (among single-parent families multiplied by a factor of 1 or 2) plus child clothing for one child (among single-parent families multiplied by a factor of 1.5) **NCP:** 37% of per-capita miscellaneous costs (among single-parent families multiplied by a factor of 1 or 2) plus child clothing for one child (among single-parent families multiplied by a factor of 1.5)	**CP:** 63% of per-capita miscellaneous costs (among single-parent families with two children multiplied by a factor of 1 or 2) plus child clothing for two children (among single-parent families multiplied by a factor of 1.5) **NCP:** 37% of per-capita miscellaneous costs (among single-parent families with two children multiplied by a factor of 1 or 2) plus child clothing for two children (among single-parent families multiplied by a factor of 1.5)
Health Care	**CP:** 8% of single-parent family out-of-pocket health care costs plus no health insurance costs. **NCP:** 8% of single-parent family out-of-pocket health care costs plus 16% of single-parent family health insurance costs.	**CP:** 16% of single-parent family out-of-pocket health care costs plus no health insurance costs. **NCP:** 16% of single-parent family out-of-pocket health care costs plus 32% of single-parent family health insurance costs.

The Total Two-Household Estimate

The total annual base cost (housing, food, transportation, miscellaneous items) of raising one child across two households in Texas is $10,938 (or $912 monthly) (Table 9a). The total annual base cost of raising two children across two households is $14,831 (or $1,236 monthly) (Table 9b). We present the breakdown by age and cost category below. Additional annual estimates including and excluding child care and health care as well as the breakdown by age and cost category are also presented below.

Table 9a. Total Estimated Annual Two-Household Texas CORC for One Child

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$4,678	$1,770	$1,626	$1,684	$9,758
3-5	$4,678	$1,863	$1,619	$1,943	$10,103
6-8	$4,678	$2,630	$1,578	$1,959	$10,845
9-11	$4,678	$2,844	$1,895	$2,771	$12,188
12-14	$4,678	$3,054	$1,595	$1,945	$11,272
15-17	$4,678	$3,069	$1,960	$1,786	$11,493
Average Annual Base Cost	**$4,678**	**$2,538**	**$1,728**	**$1,994**	**$10,938**

Table 9b. Total Estimated Annual Two-Household Texas CORC for Two Children

Child Age	Housing	Food	Trans.	Misc.	Total
0-2	$4,678	$3,326	$2,552	$2,193	$12,749
3-5	$4,678	$3,502	$2,475	$2,732	$13,387
6-8	$4,678	$4,944	$2,632	$3,584	$15,838
9-11	$4,678	$5,345	$3,085	$3,010	$16,118
12-14	$4,678	$5,740	$2,704	$2,313	$15,435
15-17	$4,678	$5,768	$2,500	$1,765	$14,711
Average Annual Base Cost for Two Children	**$4,678**	**$4,771**	**$2,658**	**$2,724**	**$14,831**

Note: Both children are assumed to be in the same age category. The decrease in miscellaneous costs for 15 to 17 year olds from the one-child to two-child models reflects decreased per-child expenditures on clothing and decreased per-capita expenditures on other miscellaneous items in the CE data among the small sample of single-parent population with two children in the urban South (the estimates upon which the two-household miscellaneous costs are based).

With child care costs added to the base cost (but without health care costs), the estimated total annual cost across two households in Texas is $15,711 for one child ($10,938 + $4,773) and $24,376 for raising two children ($14,831 + $9,545) (Tables 10a and 10b).

With health care costs added to the base cost (but without child care costs), the estimated total annual cost across two households in Texas is $11,136 for one child ($10,938 + $198) and $15,160 for raising two children ($14,831 + $329) (Tables 10a and 10b).

With both child care costs and health care costs added to the base cost, the estimated total annual cost across two households in Texas is $15,909 for one child ($10,938 + $4,773 + $198) and $24,705 for raising two children ($14,831 + $9,545 + $329) (Tables 10a and 10b).

Table 10a. Total Estimated Annual Two-Household Texas CORC with Child Care and Health Care for One Child

Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$9,758	$7,387	$66	$17,145	$9,824	$17,211
3-5	$10,103	$6,507	$116	$16,610	$10,219	$16,726
6-8	$10,845	$4,914	$167	$15,759	$11,012	$15,926
9-11	$12,188	$4,914	$292	$17,102	$12,480	$17,394
12-14	$11,272	$4,914	$249	$16,186	$11,521	$16,435
15-17	$11,493	$0	$244	$11,493	$11,737	$11,737
Average Annual Cost	**$10,938**	**$4,773**	**$198**	**$15,711**	**$11,136**	**$15,909**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items.

Table 10b. Total Estimated Annual Two-Household Texas CORC with Child Care and Health Care for Two Children

Child Age	Base Cost	Child Care	Health Care	Base Cost +		
				Child Care	Health Care	Child Care & Health Care
0-2	$12,749	$14,774	$194	$27,523	$12,943	$27,717
3-5	$13,387	$13,013	$360	$26,400	$13,747	$26,760
6-8	$15,838	$9,828	$216	$25,666	$16,054	$25,882
9-11	$16,118	$9,828	$138	$25,946	$16,256	$26,084
12-14	$15,435	$9,828	$874	$25,263	$16,309	$26,137
15-17	$14,711	$0	$577	$14,711	$15,288	$15,288
Average Annual Cost for Both Children	**$14,831**	**$9,545**	**$329**	**$24,376**	**$15,160**	**$24,705**

Note: Base Cost is the sum of the estimate annual child-related cost for housing, food, transportation, and miscellaneous items. Both children are assumed to be in the same age category.

The Shared Two-Household Costs

The total cost of raising children across two households must be shared by custodial and non-custodial parents. We present a comparison of the costs assumed by the custodial and non-custodial parent in Tables 11a, 11b, 12a, and 12b. For health care costs, we present the total cost of health insurance and out-of-pocket health care expenses not covered by insurance. We allocate the full cost of a child's health insurance to the NCP. For out-of-pocket health care costs, we allocated half of the cost to each parent. In the same tables, we also compare the average annual costs assumed by the CP and the NCP to the average annual costs assumed by single-parents and married-parents.

The total annual Texas CORC across two households is higher than either the single-parent or married-parent Texas CORC. The share of Texas CORC across two households assumed by the custodial parent, who has the child the majority of the time, is the most similar to the single-parent household, but is slightly less. The custodial parent assumes more of the total cost than the non-custodial parent even when child care is not included in the total cost.

Table 11a. Total Estimated Annual Two-Household Texas CORC for One Child

Average Annual Base Cost of One Child					
Category	Two Households			Single-Parent Family	Married-Parent Family
	CP	NCP	Total		
Housing	$2,339	$2,339	$4,678	$2,339	$2,339
Food	$1,599	$939	$2,538	$2,456	$2,344
Transportation	$1,089	$639	$1,728	$1,365	$1,652
Miscellaneous	$1,256	$738	$1,994	$1,270	$1,214
Total Annual Average	**$6,283**	**$4,655**	**$10,938**	**$7,430**	**$7,549**

Table 11b. Total Estimated Annual Two-Household Texas CORC for Two Children

Average Annual Base Cost of Two Children					
Category	Two Households			Single-Parent Family	Married-Parent Family
	CP	NCP	Total		
Housing	$2,339	$2,339	$4,678	$2,339	$2,339
Food	$3,006	$1,765	$4,771	$4,688	$4,465
Transportation	$1,675	$983	$2,658	$1,888	$2,541
Miscellaneous	$1,716	$1,008	$2,724	$1,716	$1,784
Total Annual Average for Both Children	**$8,736**	**$6,095**	**$14,831**	**$10,631**	**$11,129**

When considering the base costs (housing, food, transportation, miscellaneous items) to raise one child, the custodial parent is responsible for $6,283, or 57 percent, of the total annual average cost whereas the non-custodial parent is responsible for $4,655, or 43 percent of the annual cost (Table 11a and Figure 5).

When considering the base cost plus the cost of child care for one child, the custodial parent is responsible for $11,056, or 70 percent, of the total annual average cost (of which $4,773 is child care), whereas the non-custodial parent is responsible for $4,655, or 30 percent of the annual cost (Table 12a and Figure 5).

Table 12a. Total Estimated Annual Two-Household Texas CORC with Child Care and Health Care for One Child

Average Annual Cost of One Child						
Category		Two Households			Single-Parent Family	Married-Parent Family
		CP	NCP	Total		
Base Cost		$6,283	$4,655	$10,938	$7,430	$7,549
Child Care		$4,773	$0	$4,773	$4,773	$4,773
Health Care	Insurance	$0	$125	$125	$125	$560
	Out-of-Pocket	$37	$37	$73	$73	$182
Base Cost +	**Child Care**	$11,056	$4,655	$15,711	$12,203	$12,322
	Health Care	$6,320	$4,817	$11,136	$7,628	$8,291
	Child Care & Health Care	**$11,093**	**$4,817**	**$15,909**	**$12,401**	**$13,064**

Note: Out-of-pocket health care costs allocated to CP and to NCP are $36.5 each but are presented as $37 for consistency in rounding.

Table 12b. Total Estimated Annual Two-Household Texas CORC with Child Care and Health Care for Two Children

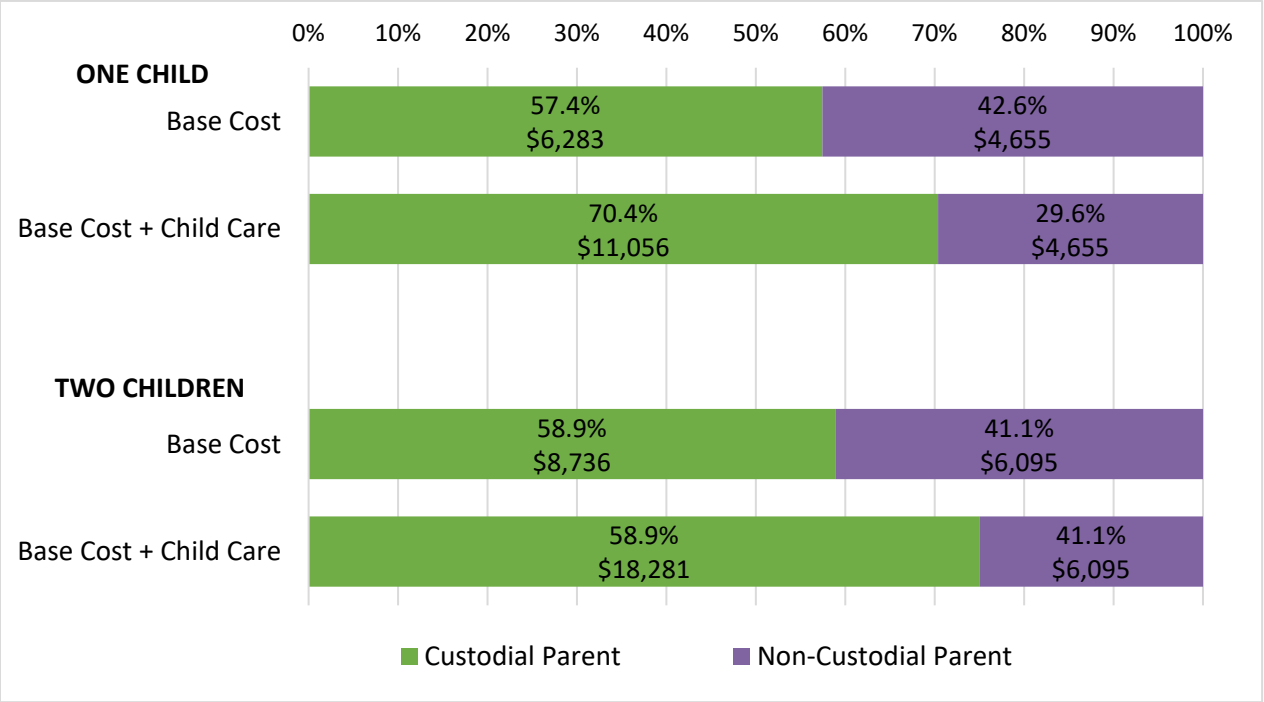
Average Annual Cost of Two Children						
Category		Two Households			Single-Parent Family	Married-Parent Family
		CP	NCP	Total		
Base Cost		$8,736	$6,095	$14,831	$10,631	$11,129
Child Care		$9,545	$0	$9,545	$9,545	$9,545
Health Care	Insurance	$0	$214	$214	$214	$748
	Out-of-Pocket	$58	$58	$115	$115	$217
Base Cost +	**Child Care**	$18,281	$6,095	$24,376	$20,176	$20,674
	Health Care	$8,794	$6,367	$15,160	$10,960	$12,094
	Child Care & Health Care	**$18,339**	**$6,367**	**$24,705**	**$20,505**	**$21,639**

Note: Out-of-pocket health care costs allocated to CP and to NCP are $57.8 each but are presented as $58 for consistency in rounding.

When considering the base cost to raise two children, the custodial parent is responsible for $8,736, or 59 percent of the total annual average base cost whereas the non-custodial parent is responsible for $6,095, or 41 percent of the annual cost (Table 11b and Figure 5). When considering the base costs plus the cost of child care for two children, the custodial parent is responsible for $18,281, or 75 percent, of the total annual average costs (of which $9,545 is child care), whereas the non-custodial parent is responsible for $6,095, or 25 percent of the annual cost (Table 12b and Figure 5).

For families with one or two children living across two households, the annual cost of child-related health care – health insurance and out-of-pocket health care costs – is minimal compared to the other cost categories. The low cost of child-related health care may be driven by the fact that we use data for families at or below the 40th percentile of income, many of whom reported having no health care expenditures in the CE survey data.

Figure 5. Two-Household Texas CORC Allocation to Custodial and Non-Custodial Parents

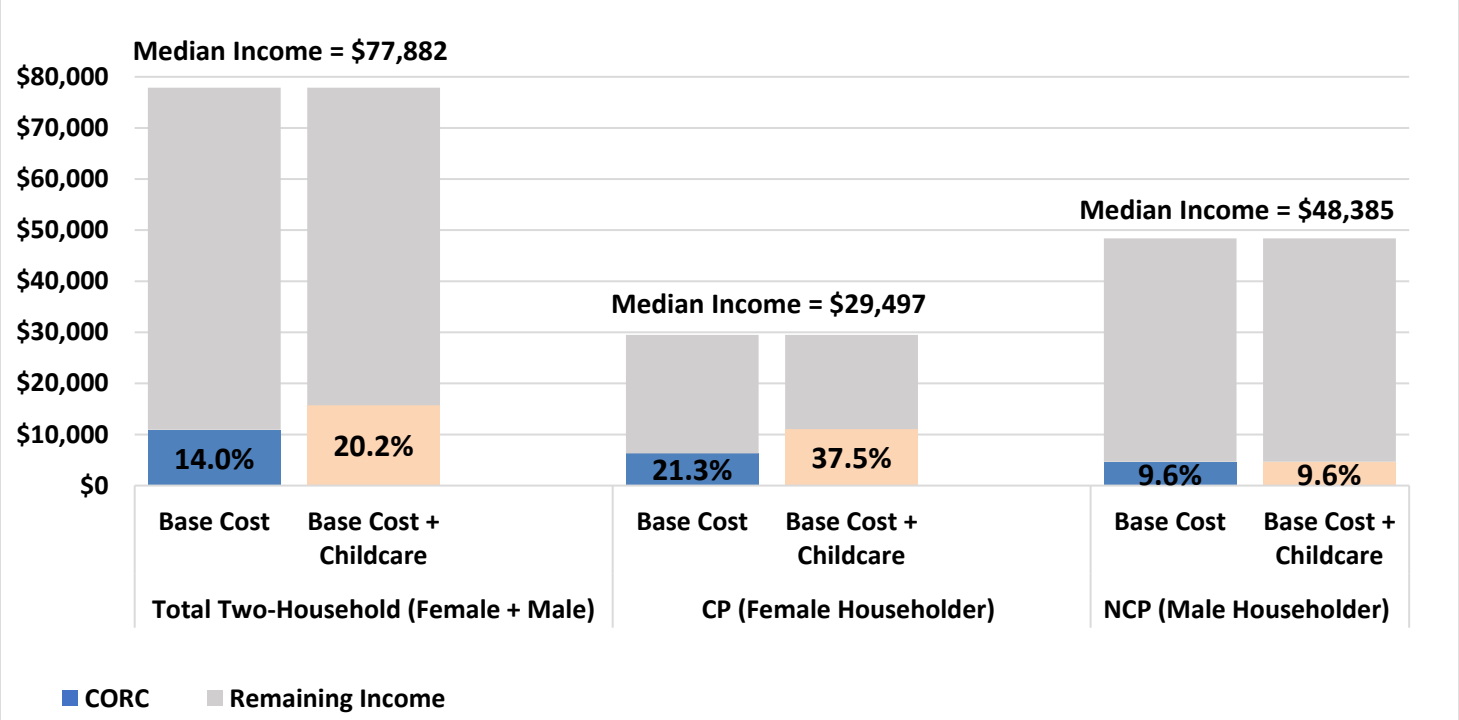


Note: Health Care costs are not included in this figure because child-related health care costs are a small proportion of the total annual cost to raise a child and are much smaller than any of the other cost categories. We also do not allocate the full cost of child-related health to the CP or NCP because to cost of health insurance may be covered by either parent.

Cost as a Percentage of Parent Income

The two-household Texas CORC estimates the total cost of raising children across two households and provides estimates of how the annual costs may be allocated between the custodial and non-custodial parent. If we assume the median income of the CP is $29,497 (the median income among female-householders with children under the age of 18 in Texas) and the median income of the NCP is $48,385 (the median income among male-householders with children under 18 in Texas), then at $10,938 the total annual base cost of raising one child across two households is 14 percent of the parent's combined income ($77,882) (Figure 6a). As a proportion of each parent's income, the custodial parent's share ($6,283) is just over 20 percent (21.3%) of the median income for female-householders in Texas and the non-custodial parent's share ($4,655) is approximately 10 percent of the median income for single-parent male householders in Texas (Figure 6a).

Figure 6a. Two-Household, One-Child Texas CORC Estimates as a Percentage of Median Income



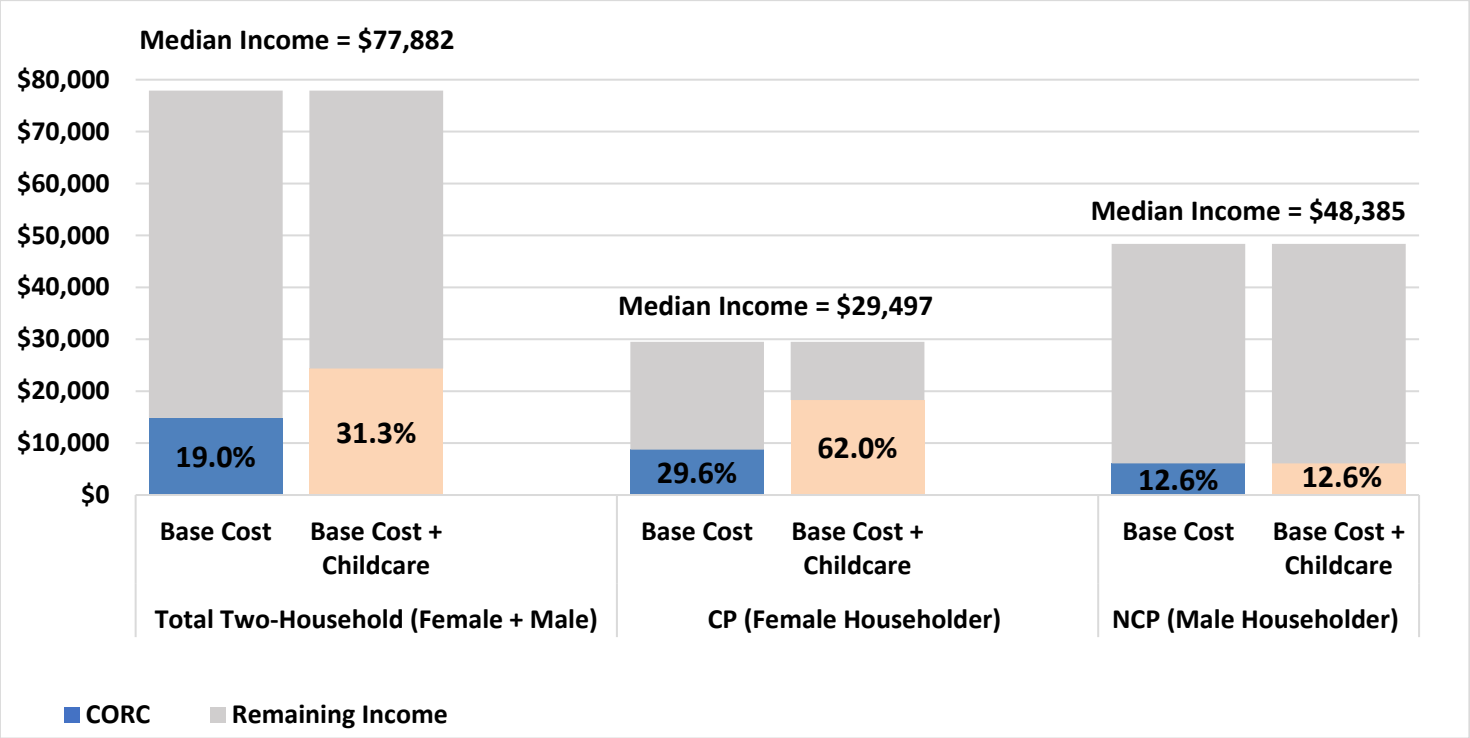
Note: Texas CORC estimates are for one-child families. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. The householder type used for the median income value is designated in parentheses. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

When child care is included, the difference in the CP and NCP's proportional costs as a percent of median income is even greater. The CP assumes all of the cost associated with child care ($4,773 annually for one child) in the standard child support award. Therefore, at an annual cost of $11,056, the CP's share of the cost of raising one child is over one-third (37.5%) of the median income of single-parent female householders in Texas, compared to the NCP who is allocated no child care costs and whose share of the cost of raising one child remains at 10 percent of the median income for single-parent male householders in Texas (Figure 6a).

For a family raising two children across two households, the total annual base cost at $14,831 is 19 percent of the parents' combined income ($77,882) (Figure 6b). As a proportion of each parent's income, the custodial parent's share ($8,736) is 30 percent of the median income for female-householders in Texas and the non-custodial parent's share ($6,095) is approximately 13 percent of the median income for single-parent male householders in Texas (Figure 6b).

When child care is included for two-child families, the difference in the CP and NCP's proportional costs as a percent of median income is even greater. Similar to a family with one child, the CP assumes all of the cost associated with child care for two children ($9,545 annually) in the standard child support award. Therefore, at an annual cost of $18,281, the CP's share of the cost of raising two children is 62 percent of the median income of single-parent female householders in Texas, compared to the NCP who is allocated no child care costs and whose share of the cost of raising two children remains at 13 percent of the median income for single-parent males householders in Texas (Figure 6b).

Figure 6b. Two-Household, Two-Child Texas CORC Estimates as a Percentage of Median Income



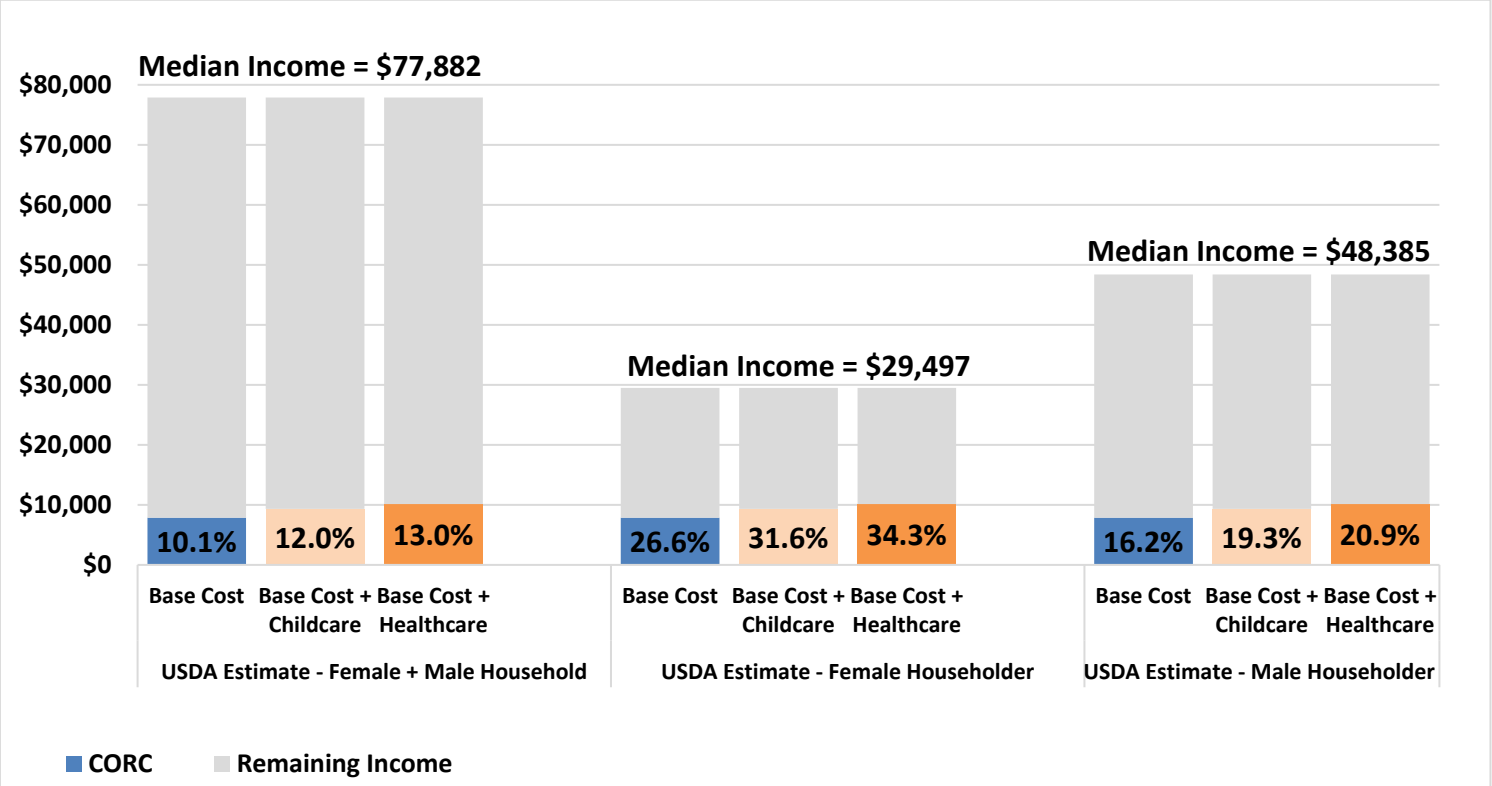
Note: Texas CORC estimates are for two-child families. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. The householder type used for the median income value is designated in parentheses. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing

USDA ESTIMATES AS A PERCENTAGE OF MEDIAN INCOME

None of the most common methods (i.e., the Rothbarth, Engel, or USDA methods) used by states to estimate the cost of raising children provide an estimate across two households, thus, we are limited to comparing the two-household Texas CORC to the USDA estimates for single-parent and married-parent families (adjusted to 2019 dollars).

Because estimates for children living across two households are not included in the USDA's estimates, the closest comparison to the two-household Texas CORC estimates as a percentage of median income is the single-parent USDA estimates as a percentage of median income. Figure 7 shows the USDA estimates for the base expenditures and base expenditures including child care for single-parent families as a percentage of single-parent median income in Texas. We show the USDA expenditure estimates for single-parents (earning less than $63,346) as a percentage of the median income among single-parent female householders in Texas ($29,497), single-parent male householders in Texas ($48,385), or as a percentage of combined median income for both female and male single-parent householders ($77,882).

Figure 7. Single-Parent USDA Estimates as a Percentage of Median Income



Note: USDA estimates are for one child in a two-child family. USDA estimates are from the USDA 2015 report released in 2017 which used CE data from 2011-2015 and has been adjusted to 2019 dollars. Median income is based on 2019 Texas median income for single-parent families with at least one child under 18 years. The householder type used for the median income value is designated in parentheses. "Base Cost" includes housing, food, transportation, and miscellaneous/clothing.

CHAPTER 6: DISCUSSION AND CONCLUSIONS

Child support awards set by the current Texas Child Support guidelines are based on the monthly net resources of the NCP, such that 20 percent of the NCP's resources are used to support one child and 25 percent of the NCP's resources are used to support two children These guidelines provide a relatively simple way to calculate child support amounts, however, the guidelines are not closely associated with the actual cost of raising a child and do not consider a number of other factors that determine whether a child support order is sufficient and equitable, including the CP's income, the costs the NCP incurs when the child is at their home, child care costs, and parenting time.

In the following section, we present six scenarios that examine important considerations when determining child support awards and show how different methods of calculating child support awards can result in vastly different payment amounts that vary widely in their ability to meet children's needs. In each scenario, we describe the payment amount for custodial and non-custodial parents earning the median income of single parents in Texas and the payment amount for parents working full time earning the federal minimum wage. We include the payment amounts to cover the base cost across two households and the base cost including child care for one or two children.

We understand that the Texas Child Support guidelines are based on the NCP's net income (after deducting social security taxes, federal income taxes, health insurance for the child, etc.) and not gross income. Therefore, because we present the following scenarios based on median income and federal minimum wage income before deductions are made, the actual resources parents have to support their child or children may be lower than what we present here and the cost of raising a child is a slightly larger proportion of net income than of gross income.

Scenario 1: Child Support as a Percentage of Income

In the first scenario, we examine how much of the cost of raising a child across two households an NCP (with a standard child support order) can cover given the current child support guidelines. In a typical child support case, 20 percent of the NCP's net resources are obligated for child support for one child and 25 percent of their net resources are obligated for two children.[22]

When the median income of single-parent male householders in Texas ($48,385) is assumed to be the income of the NCP, then $9,677 is the annual child support payment for one child ($806 monthly) and $12,096 is the annual payment for supporting two children ($1,008 monthly). In this median income scenario, the child support amount for one child covers 88 percent of the annual base cost to raise a child across two households ($10,938) and 62 percent of the annual cost with child care included. The child support award for two children covers about 82 percent of the annual base cost for two children across two households ($14,831), but only half of the annual cost when child care is included.

The custodial parent is responsible for covering the remaining costs for the child, which amounts to $1,261 for one child and $2,735 for two children. This amount is approximately 4 percent of her earnings ($29,497) for one child and 9 percent for two children.

If we assume the NCP works 40 hours per week at a minimum wage job that pays $7.25, they would make $1,257 monthly or $15,080 per year. If the NCP has a standard child support order, 20 percent of their income, or $3,016, is their annual child support payment for one child ($251 monthly), and 25 percent of their income, or $3,770, is their annual child support payment for two children ($314 monthly). In this minimum wage scenario, the child support amount for one child covers about 28 percent of the annual base cost to raise a child across two households and 19 percent of the annual cost when child care is included. The child support amount for a minimum wage earner with two children covers about 25 percent of the annual base cost across two households and about 15 percent of the annual base cost when child care is included.

We see that with a standard child support order in place, for an NCP with income at the median level for single-parent male householders, 20 percent of their income covers almost all of the base cost of raising one child and nearly two-thirds of the cost when child care is included. However, for an NCP earning the federal minimum wage, 20 percent of their income covers only about one quarter of the cost of raising a child and even less of the cost when child care is included. If only a quarter of the cost of raising a child is covered by the NCP, then the remaining cost must be covered by the CP (regardless of her income level) or through other resources. For both median income earners and minimum wage earners, once we account for federal taxes and other income deductions, the proportion of the full cost of raising a child that is covered by 20 or 25 percent of NCP's income is reduced even further.

Scenario 2: NCP Pays the Full Cost of Raising a Child

The current child support guidelines do not make any specific reference to the proportion of the costs of raising a child each parent should be responsible for. Given that only NCP resources are included in the calculation, one possible assumption is that only the NCP should be responsible for the financial care of the child. In this scenario, an NCP earning the median income for single-male parent households in Texas ($48.385) would need to pay approximately 23 percent of their income for one child ($10,938) and 31 percent of their income to meet the costs associated with raising two children across two households ($14,831). These percentages are higher, but not that different than the current guidelines of 20 percent for one and 25 percent of net resources for two children.

For NCPs who earn the minimum wage ($15,080 annually), they would need to pay 72.5 percent of their income to meet the costs of raising one child across two households, and over 98 percent of their income for two children – percentages that are unrealistic to pay.

Scenario 3: Parents Share the Cost Evenly, Regardless of Income

In the next scenario we examine what it might look like for parents to evenly share the cost of raising a child across two households. We present the following scenario in which the CP and NCP each cover half the total cost. When the CP has an income equal to the median income of single-parent female householders ($29,497) and the NCP has an income equal to the median income of single-parent male householders ($48,385), each parent covers half of the base cost for one child at an annual cost of $5,469 ($456 monthly), which is 19 percent of the CP's income

and 11 percent of the NCP's income. When child care for one child is included, the cost to each parent is $7,855.50 annually ($655 monthly), which is 27 percent of the CP's income and 16 percent of the NCP's income.

When two parents both earning the median income cover half the total cost of raising two children across two households, the base cost to each parent is $7,415.50 annually ($618 monthly) and the cost including child care for each parent is $12,188 annually ($1,015 monthly). In this scenario, 25 percent of the CP's income and 15 percent of the NCP's income is used to cover the base cost of raising both children. When we include child care costs, 41 of the CP's income and 25 percent of the NCP's income is used to cover the cost of raising both children.

When we assume the CP and NCP each work 40 hours per week at jobs that pay the minimum wage, each parent earns $1,257 monthly or $15,080 annually. If the CP and NCP equally share the cost of raising a child, 36 percent of each parent's income is used to cover the base cost of raising one child across two households and 52 percent of each parent's income is used to cover the cost with child care included. For families with two children, 49 percent of each parent's income is used to cover the base cost across two households and 81 percent of each parent's income is used to cover the cost with child care included.

This scenario demonstrates that for both the median income earners and minimum wage earners, as income decreases the proportion of a parent's income that is needed to meet the cost of raising a child increases. This scenario also demonstrates that it is unaffordable for two minimum wage earners to each spend half their income to meet the basic child-related costs (housing, food, transportation, and miscellaneous items) of raising two children and likely impossible for each to spend over three-quarters of their income to cover the cost when child care is included. Importantly, only the CP is eligible for other social services for the child, because custody of the child is a criterion for eligibility. Therefore, the CP can supplement her resources through SNAP, WIC, housing vouchers, and earned income tax credit, etc., but the NCP cannot.

Scenario 4: Parenting Time Adjustment

In the fourth scenario, we explore what it looks like to adjust the equal share model to account for parenting time. In this scenario, we make two assumptions: 1) the full cost of raising a child is shared by the CP and NCP, and 2) the cost assigned to the CP and NCP has an inverse relationship to parenting time, but the approach does not account for the income of each parent. We assume that the parent who spends more time with the child incurs a higher out-of-pocket cost than the parent who spends less time with the child. In an attempt to account for the CP spending more money out-of-pocket on her child than the NCP, we assign a larger proportion of the total cost of raising a child to the NCP than to the CP. One possible way to calculate a child support order and adjust for parenting time is to assign the NCP the proportion of the cost of raising his child that is the *inverse* of the proportion of time he spends with the child. For example, based on a standard parenting time order in which the CP has the child approximately 60 percent of the time and the NCP has the child for the remaining 40 percent,

we allocate 40 percent of the annual cost of raising a child to the CP and we allocate 60 percent of the annual cost to the NCP.

Because the cost assigned to each parent is based on the cost of raising a child and not on the income of the parent, the cost allocated to the CP and the cost allocated to the NCP is the same for parents earning the median income as it is for minimum wage earners. To allocate the annual base cost of one child across two households ($10,938), using the parenting time adjustment, the CP is responsible for $4,375 annually ($365 monthly) and the NCP is responsible for $6,563 annually ($547 monthly). To cover the annual base cost of two children ($14,831), using the parent time adjustment, the CP is responsible for $5,932 annually ($494 monthly) and the NCP is responsible for $8,899 annually ($742 monthly).

For the CP with a median annual income of $29,497, she uses 15 percent of her income to cover her share of the base cost of one child and 20 percent of her income to cover her share of the base cost for two children. For the NCP with a median annual income of $48,385, he uses 14 percent of his income to cover his share of the base cost of one child and 18 percent of his income to cover his share of the base cost of two children. In this scenario, the percentage of the NCP's income used to support the base costs of one or two children are each less than the 20 or 25 percent of the NCP's income that is stipulated by the current child support guidelines for one or two children, respectively.

For the CP with a minimum wage job who earns $15,080 annually, they use 29 percent of their income to cover the base cost of one child and 36 percent of their income to cover the base cost of two children. For the NCP with a minimum wage job who also earns $15,080 annually, they use 43 percent of their income to cover the base cost of one child and 60 percent of their income to cover the base cost of two children.

To allocate the annual cost of one child including child care ($15,711), using the parenting time adjustment, the CP is responsible for $6,284 annually ($524) and the NCP is responsible for $9,427 annually ($786 monthly). To allocate the annual cost of two children including child care ($24,376), using the parenting time adjustment, the CP is responsible for $9,730 annually ($813 monthly) and the NCP is responsible for $14,625 annually ($1,219 monthly).

For the CP earning the median annual income of single-parent female householders in Texas ($29,497), she uses 21 percent of her income to cover her share of the cost of one child including child care and 33 percent of her income to cover her share of the cost of two children including child care. For the NCP earning the median annual income of single-parent male householders in Texas ($48,385), he uses 19 percent of his income to cover his share of the cost of one child including child care and 30 percent of his income to cover his share of the cost of two children including child care. The percentage of the NCP's income used to support one child including child care costs are approximately the same as the current child support guidelines stipulate for supporting one child (20%). However, in this scenario, the percentage of the NCP's income used to support two children including the cost of child care is a higher percentage of income than the guidelines currently specify (25%).

For the CP earning the federal minimum wage ($15,080 annually), they use 42 percent of their income to cover their share of the cost of one child including child care and 65 percent of their income to cover their share of the cost of two children with child care. For the NCP earning the federal minimum wage ($15,080 annually), they use 63 percent of their income to cover their share of the cost of one child including child care and 97 percent of their income to cover their share of the cost of two children including child care. In this scenario, we allocate the cost of raising a child to each parent based on the inverse amount of time they spend with their child. For lower income families, and particularly minimum wage earners who require child care, this allocation method is not practical. CPs and NCPs cannot realistically spend between 40 percent and nearly all of their income to support their children, even though this would be needed to meet the total cost.

Scenario 5: Income Shares

In the fifth scenario, we present a hypothetical income shares computation, which accounts for the income of both the custodial and non-custodial parent and the cost of raising a child across two households. In this scenario, each parent contributes a portion of their income towards the total cost of raising a child that is proportional to their share of the combined income of both parents.

When the CP has an income equal to the median income for single-parent female householders ($29,497) and the NCP has an income equal to the median income for single-parent male householders in Texas ($48,385), their combined income is $77,882 annually ($6,490 monthly). The CP's income is 38 percent of the combined income of both parents and the NCP's income is 62 percent of the combined income.

In this hypothetical income shares computation, given that the two-household Texas CORC base cost estimate for one child is $10,938 annually ($912 monthly), the CP contributes 38 percent of the cost, for an annual cost to her of $4,156 ($346 monthly). The NCP contributes the remining 62 percent of the base cost for one child, for an annual cost to him of $6,782 ($565 monthly). When we apply the same hypothetical income shares computation assumptions for a CP and NCP raising two children with an annual base cost of $14,831 ($1,236 monthly), the CP contributes $5,636 annually ($470 monthly) and the NCP contributes $9,195 annually ($766 monthly). To cover the base cost of raising one child, the CP and NCP each contribute 14 percent of their respective incomes. To cover the base cost of raising two children, and each parent contributes 19 percent of their respective incomes.

When we include child care costs, the annual two-household Texas CORC estimate for one child is $15,711 ($1,309 monthly). Because we assume that each parent contributes a portion of their income equal to their share of the combined two-household income, the CP still covers 38 percent of the total cost and the NCP covers 62 percent of the total cost. Therefore, to cover the base costs with child care included for one child living across two households, the CP contributes $5,970 annually ($498 monthly) and the NCP contributes $9,740 annually ($812 monthly). Applying the same income shares model assumptions for a CP and NCP raising two children with child care included at a total annual cost of $24,376 ($2,031 monthly), the CP

contributes $9,263 annually ($772 monthly) and the NCP contributes $15,113 annually ($1,259 monthly). To cover the cost of raising one child including childcare, the CP and NCP each contribute about 20 percent of their respective incomes. To cover the cost of raising two children including child care, each parent contributes 31 percent of their respective incomes.

When we assume the CP and NCP each work 40 hours per week at jobs that pay the minimum wage, each parent earns $1,257 monthly or $15,080 annually. In this hypothetical income shares computation when both parents have the same income, they would equally share the cost of raising a child. Therefore, in this scenario, the result is the same as in the section "Parents Share the Cost Evenly" when both parents have a minimum wage job.

In this scenario, 36 percent of each parent's income is used to cover the base cost of raising one child across two households and 52 percent of each parent's income is used to cover the cost with child care included. For two-child families, 49 percent of each parent's income is used to cover the base cost of raising both children across two households and 81 percent of each parent's income is used to cover the cost with child care included.

For lower income families, and particularly minimum wage earners who require child care, an income shares model may be a more equitable method for allocating costs to the CP and NCP which also accounts for the fixed cost of raising children. However, regardless of the method of allocation, meeting the cost of raising children for minimum wage earners is a challenge given that the total cost is such a large portion of their income. This challenge is especially difficult for NCPs who are not eligible to receive other social services for their children.

An income shares model could be used as the basis of the child support guidelines and also account for parenting time. To account for parenting time, an adjustment could be applied to the income shares proportion so that the parent who spends more time with the child (the CP) pays a smaller percentage of their income than their share of income proportional to the combined income of both parents. Assuming both parents have incomes equal to that of the median single-parent in Texas as described above, the CP would be responsible for less than 38 percent of the cost of raising the child or children (e.g. 30 percent) and the NCP would be responsible for more than 62 percent of the cost the cost of raising one or two children (e.g. 70 percent).

Scenario 6: Income Shares with Offset

The final scenario considers the fact that all NCPs need a basic level of income to provide for their own basic needs and to provide for their child when the child resides at their home, approximately 40 percent of the time in a standard possession order. The Texas CORC estimate for the cost of raising one child across two households is $10,938, with the CP incurring an annual cost of $6,283 and the NCP an incurring annual cost of $4,655. For two children, the respective values are $8,736 for two children for the CP and $6,095 for the NCP.

Therefore, for any of the above scenarios, the amount the NCP would be obligated to pay the CP would be the amount indicated in each scenario above *minus* the amount it costs for the NCP to provide for the child's needs at their home. For example, in the scenario above that takes into account parents' relative income, the NCP would be responsible for paying the CP

$2,127 for one child, or 4 percent of his income for the median earner. This value takes into consideration the $6,782 that is the NCP's portion of the overall costs of raising a child across two households, minus the $4,655 in costs he incurs when the child is with him. In this scenario, the CP would be accountable for 38 percent of the total cost of raising one child across two households, or $4,156 as discussed in Scenario 5, and she would receive $2,127 from the NCP. Combined, these amounts add up to the average total cost that CPs incur for one child in the two-household CORC model.

This scenario does not include child care costs, which would need to be distributed fairly to account for the child care needs at each household. For Tables 13 and 14, we assume each parent contributes to child care proportionally to their relative income, and we do not assume that the CP covers the full cost of child care. The scenario also assumes that NCPs fully exercise all of their minimum parenting time, which is something that the OAG cannot enforce. The scenario also does not take into account the additional resources that CPs may be eligible for (e.g. SNAP, WIC) which assist her in meeting her obligations to the cost of raising a child across two households.

Table 13. Scenarios for Sharing the Cost of Raising Children Across Two Households For Two Median Income Earning Parents

Cost Sharing Scenario, Number of Children, and Use of Child Care	Total Annual Cost	Non-Custodial Parent (Income: $48,385)			Custodial Parent (Income: $29,497)	
		Annual Child Support Obligation	% of Income	% of CORC	Net Cost After Child Support	% of Income
One Child, No Child Care						
Scenario 1: Current Guidelines	$10,938	$9,677	20%	88%	$1,261	4%
Scenario 2: NCP Pays Full Cost		$10,938	23%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$5,469	11%	50%	$5,469	19%
Scenario 4: Parenting Time		$6,563	14%	60%	$4,375	15%
Scenario 5: Income Shares		$6,782	14%	62%	$4,156	14%
Scenario 6: Income Shares with Offset		$2,127	4%	19%	$4,156	14%
One Child, Child Care						
Scenario 1: Current Guidelines	$15,711	$9,677	20%	62%	$6,034	20%
Scenario 2: NCP Pays Full Cost		$15,711	32%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$7,856	16%	50%	$7,856	27%
Scenario 4: Parenting Time		$9,427	19%	60%	$6,284	21%
Scenario 5: Income Shares		$9,741	20%	62%	$5,970	20%
Scenario 6: Income Shares with Offset		$2,127	4%	14%	$5,970	20%
Two Children, No Child Care						
Scenario 1: Current Guidelines	$14,831	$12,096	25%	82%	$2,735	9%
Scenario 2: NCP Pays Full Cost		$14,831	31%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$7,416	15%	50%	$7,416	25%
Scenario 4: Parenting Time		$8,899	18%	60%	$5,932	20%
Scenario 5: Income Shares		$9,195	19%	62%	$5,636	19%
Scenario 6: Income Shares with Offset		$3,100	6%	21%	$5,636	19%
Two Children, Child Care						
Scenario 1: Current Guidelines	$24,376	$12,096	25%	50%	$12,280	42%
Scenario 2: NCP Pays Full Cost		$24,376	50%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$12,188	25%	50%	$12,188	41%
Scenario 4: Parenting Time		$14,626	30%	60%	$9,750	33%
Scenario 5: Income Shares		$15,113	31%	62%	$9,263	31%
Scenario 6: Income Shares with Offset		$3,100	6%	13%	$9,263	31%

Note: For the NCP in Scenario 6, only the child support payment to the CP is shown. For families with one child and no child care costs, the NCP is additionally responsible for $4,655 annually, $7,614 for one child with child care, $6,095 for two children without child care, and $12,013 for two children with child care.

Table 14. Scenarios for Sharing the Cost of Raising Children Across Two Households For Two Minimum Wage Earning Parents

Cost Sharing Scenario, Number of Children, and Use of Child Care	Total Annual Cost	Non-Custodial Parent (Income: $15,080)			Custodial Parent (Income: $15,080)	
		Annual Child Support Obligation	% of Income	% of CORC	Net Cost After Child Support	% of Income
One Child, No Child Care						
Scenario 1: Current Guidelines	$10,938	$3,016	20%	28%	$7,922	53%
Scenario 2: NCP Pays Full Cost		$10,938	73%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$5,469	36%	50%	$5,469	36%
Scenario 4: Parenting Time		$6,563	44%	60%	$4,375	29%
Scenario 5: Income Shares		$5,469	36%	50%	$5,469	36%
Scenario 6: Income Shares with Offset		$814	5%	7%	$5,469	36%
One Child, Child Care						
Scenario 1: Current Guidelines	$15,711	$3,016	20%	19%	$12,695	84%
Scenario 2: NCP Pays Full Cost		$15,711	104%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$7,856	52%	50%	$7,856	52%
Scenario 4: Parenting Time		$9,427	63%	60%	$6,284	42%
Scenario 5: Income Shares		$7,856	52%	50%	$7,856	52%
Scenario 6: Income Shares with Offset		$242	2%	2%	$7,856	52%
Two Children, No Child Care						
Scenario 1: Current Guidelines	$14,831	$3,770	25%	25%	$11,061	73%
Scenario 2: NCP Pays Full Cost		$14,831	98%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$7,416	49%	50%	$7,416	49%
Scenario 4: Parenting Time		$8,899	59%	60%	$5,932	39%
Scenario 5: Income Shares		$7,416	49%	50%	$7,416	49%
Scenario 6: Income Shares with Offset		$1,321	9%	9%	$7,416	49%
Two Children, Child Care						
Scenario 1: Current Guidelines	$24,376	$3,770	25%	15%	$20,606	137%
Scenario 2: NCP Pays Full Cost		$24,376	162%	100%	$0	0%
Scenario 3: Parents Share Cost Evenly		$12,188	81%	50%	$12,188	81%
Scenario 4: Parenting Time		$14,626	97%	60%	$9,750	65%
Scenario 5: Income Shares		$12,188	81%	50%	$12,188	81%
Scenario 6: Income Shares with Offset		$175	1%	1%	$12,188	81%

Note: For the NCP in Scenario 6, only the child support payment to the CP is shown. For families with one child and no child care costs, the NCP is additionally responsible for $4,655 annually, $7,614 for one child with child care, $6,095 for two children without child care, and $12,013 for two children with child care.

Summary

CFRP's primary objective was to develop a Texas-specific model to estimate the cost of raising a child considering age, family and household structure, and parity. The Texas CORC, presented in this report, provides the Texas Office of the Attorney General (OAG) with a Texas-specific model that, importantly, estimates the cost of raising children across two households, reflecting the reality of many children whose parents have a child support order. Overall, the Texas CORC models provide conservative estimates of the cost of raising children; families may choose to spend more, however, the CORC models provide a minimum cost associated with meeting a child's needs and allow for healthy child development. We provide estimates with and without the cost of child care and health care to offer a fuller understanding of the cost for families where both parents work and who have child-related health care expenses, which may offset some of the potential underestimates from the base cost estimates.

The Texas CORC estimates incorporate Texas-specific data for housing and child care costs, the two largest cost categories for raising children. Using these costs, the CORC models estimate a basic cost of raising children that meets children's needs for healthy development, instead of estimating families' expenditures on children across various income levels. The extent to which families meet the cost varies widely by income, but the basic cost remains constant across family income.

In addition to including Texas-specific data and estimating a basic cost of raising children rather than families' expenditures on children, the Texas CORC also provides estimates for raising children across two households. Determining the cost of raising children across two households is particularly important for determining the adequacy of states' child support guidelines, because in most circumstances it is preferable for a child to spend time in both households.

The cost of raising children across two households is the costliest of the three Texas CORC estimates. The higher cost is driven mostly by the need for an additional bedroom in the second house, the loss of the economies of scale benefit for food costs, the need for non-shared items in both households (e.g. toothbrush, toys, bicycle), and additional transportation costs. The Texas CORC for married-parent families may be higher than for single-parent families, but as a proportion of income, the cost of raising children for single-parent families in Texas is considerably greater.

Although it is not a novel finding that the cost of raising children is a larger proportion of income for single-parent families compared to married-parent families, it is still concerning. The cost of raising children as a proportion of income is especially high for single-parent female householders given that the median income among this group is much lower than the median income among single-parent male householders. Given that the cost of raising a child is constant across income levels and that the cost is a larger proportion of a single-parent's income than of a married-parent family's income, child support can be an important element of the variety of resources available to parents to help meet the cost of raising children.

Compared to the existing methods of estimating the cost of raising children (i.e., the USDA, Rothbarth, and Engel methods), the Texas CORC for single-parent households and the custodial

parent's share of the two-household CORC produce comparable estimates to the USDA's estimate for single-parent families.

When the custodial and non-custodial parents earn incomes equal to the median income for single-parent female householders and single-parent male householders in Texas, respectively, the CP's share is 21 percent of her income whereas the NCP's share of the base cost of raising one child across two households is 10 percent of his income. When the cost of child care is included, the NCP's share of the cost of raising one child remains at 10 percent whereas the CP's share increases to 38 percent. For families raising two children across two households, the NCP's share of the base cost of raising the children is 13 percent whereas the CP's share is 30 percent. When the cost of child care is included, the NCP's share of the cost of raising both children remains at 13 percent whereas the CP's share increases to 62 percent.

The current Texas Child Support guidelines for a standard child support award are based on the income of the non-custodial parent and do not consider the cost of raising a child, the custodial parent's income, parenting time, or child care costs. If the basic, fixed cost of raising a child was used as the basis of the guidelines, the guidelines would look quite different.

The hypothetical income shares model (scenario 5) and income shares with offset that accounts for an NCP's visitation costs (scenario 6) each allow for the full costs of raising a child across two households to be met, while being more equitable to CPs and NCPs. These scenarios are only equitable, however, if we assume that the NCP sees his children regularly.

All of the scenarios are more applicable to families near the median income rather than lower-income households, because the costs of raising a child are much higher as a percent of income for lower-income households.

Conclusion

Adequately providing for a child's healthy development is the joint responsibility of both parents. When parents do not live together, they must share this responsibility across two households and ensure that each parent is contributing "equitably" to the child's wellbeing. Currently, a standard Texas child support award holds the NCP accountable for contributing 20 percent of the NCP's net resources (or 25% for supporting two children), plus medical support, and it allows for the child to be with the NCP for approximately one-third of the time. The child support amount is not aligned to the cost of raising a child or the resources available to the CP, and it can leave the CP or NCP responsible for an unequal share of the responsibility to provide for the child. For minimum wage earners in particular, the CP is responsible for a much larger proportion of the cost of raising her children compared to the NCP when only 20 percent (for one child) or 25 percent (for two children) of the NCP's income is used for child support payments.

ENDNOTES

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