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The Cost of Kids: Are They Too Expensive?

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Special to CNBC.com



When you look at an adorable baby, yours or someone else's, do you see a **\$285,050 price tag**?

Probably not, but that's the average cost of raising a child to the age of 17, according to the **US Department of Agriculture**.

That estimate (based on costs for kids born last year) includes everyday expenses such as food, clothing, housing, medical care, transportation, childcare and schooling, although not **college**.

And, of course there are lots of exceptions—upward—to that estimate.

Think about all this: repairing a busted sofa after your child uses it as a trampoline; replacing a neighbor's you-name-it damaged by your sweet darling; extra trips to the doctor for a broken bone, acne or braces; the cash you'll shell out for pricey sneakers, prom night or iPods; and the value (to them and to your sanity) of making sure they have what their friends have.

And that's all if you're lucky enough to have an "average" kid.

Of course, people decide whether to start a family for lots of reasons—most of which have little to do with money.

To help you assess your parental expenses, the Agriculture Department's website will give its best estimate on child-rearing costs, [using a calculator](#) in which you plug in your region, salary, whether you're a single or two-parent household and how many other children you have.

The price-per-child drops when you have more than one, because younger children may be able to wear hand-me-downs and play with their older sibling's toys. And, food is cheaper when you buy it in bulk.

If you have two children, says the federal government, it costs about \$600,000 to rear them to age 17.

Families With Children and Taxes

Dan Mitchell, a senior fellow at the conservative think tank the Cato Institute, told CNBC this week that the government taxes Americans so much that it makes having children prohibitive. (*Watch Mitchell's comments in the video here.*)

"Obviously, anything that's an additional expense, whether it's buying a house, having children, going on vacation, if the government is taking 30 to 40 percent

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Cost of Kids in America

A middle class family will spend nearly \$290,000 on a child by the time he or she is 17, according to the US Dept. of Agriculture? Heather Boushey, of the Center for American Progress, and Dan Mitchell, of the Cato Institute, share their views.

of your income, whatever you're trying to do is going to become a lot harder," he said.

Robert Stein, a former Treasury official, advocates reduced taxes for families with children, as well as a reworking of national policy to promote reproduction, in the Winter 2010 issue of **National Affairs**. Stein is a former deputy assistant secretary for macroeconomic analysis at the **Treasury Department**.

He suggests that parents of a child born today should receive about an \$8,500

annual tax credit per child because the present value of future Social Security and Medicare contributions is about \$150,000 for that child when he or she joins the workforce.

"Our system of taxes and entitlements not only fails to reward parents—it actively discourages Americans from having children," Stein wrote.

Further, he maintains that Social Security and Medicare have clouded the incentive to raise children as a protection against poverty in old age.

"Compounding the problem is the fact that even as these systems depend on a population of productive young workers at the national level, they diminish the need for children at the individual level—and so undermine their own sustainability," he said.



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"By having the economic benefits of children accrue only to society in the aggregate—and thereby distancing those benefits from the individual mothers and fathers who make decisions about how many (if any) children to have—federal policy distorts incentive in ways harmful to the country's future."

Outdated Institutions

The real issue about government and families isn't taxes and entitlements, Heather Boushey, senior economist at the **Center for American Progress**, told CNBC, it's that institutions are out of synch with the 21st century.

The center, headed by John Podesta, White House chief of staff in the Clinton administration, promotes progressive family policies, according to its website.

Boushey said the government needs to institute more family-friendly policies and that the public school system, based on the agrarian society of centuries ago in which children took long summer vacations to handle farming chores, also needs to be revamped.

"We still live in a country where the presumption is that most families have a stay-at-home parent," added Boushey. "Those days are long gone: 40 percent of mothers are their family's primary breadwinner. Another quarter moms are their family's co-breadwinner."

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