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## **The Cost of Raising a Child: The Price is Right? Lesson Objective**

Time: **40-60 minutes**

New York State Parenting Standard: **Standard 1 Roles and Responsibilities**

Aim: **Students will discover the large financial responsibility they will have if/when they become a parent.**

Objectives: Students Will:

- 1. In groups, play an interactive “Price is Right” game, learning the cost of products and necessities to raise a child from birth to age one, and from birth through age 18.**
- 2. Brainstorm, and discuss how an individual can prepare to afford having a child.**

Materials Needed:

**Lesson outline, 3 large poster-boards with product pricing information\* labeled with visual aids of items; 6 chalk or dry-erase boards, chalk or dry-erase makers, board erasers, easel, prizes optional.**

**\* You will need to research current prices for each category that best reflects the cost in your schools community.**

## **The Cost of Raising a Child: “The Price is Right?” Lesson Outline**

- I. Divide Class into small groups – explain the rules of the game show “The Price is Right” or ask one of the students to do so. An item is shown and described and contestants are asked to guess the price of the item as closely as they can without going over its actual price. The contestant who comes closest to the actual price without going over wins the item or in this case the point. Keep track of each group's points to determine a winner at the end of the game.
  - A. Each group gets a small chalkboard, chalk, and eraser (calculator optional).
  - B. **Create following rules from onset:**
    1. **Students must raise their board when time is up and leave it raised in the air until a winner is declared for each item/round (this will avoid any cheating). If someone does not raise their board in time or lowers the board before someone is declared they will not get a point if indeed they were correct.**
    2. **Students are not allowed to guess just \$1.00 for an item that is clearly more expensive to avoid going over the price.**
  - C. Facilitator displays items at front of room on several posters with the actual value of the item covered on the board near the item.
  - D. After each item's picture is described the teams have about 20 seconds to come up with an answer, by consensus.
  - E. The group that comes up with the closest dollar value, without going over the actual cost, wins a point for that round. Allow about 30 minutes to play.
  
- II. Game Board information:
  - A. Go through the total cost per year for the following (tag the most important items to make sure the information is covered, bonus questions and other to be addressed if there is time):
    - a. Prenatal Care – this includes all doctor visits, two sonograms, and lab work, for a normal pregnancy. (contact your local obgyn for updated and local cost)
      1. \$175 - 1<sup>st</sup> visit,
      2. \$100 per visit at 12, 16, 20, 24, 28, 30, 32, 34, 36, 37, 38, 39, 40 weeks. (13 in total);
      3. \$400 for lab work;
      4. \$600 2 sonograms (more sonograms may be needed if there are complications).
    - b. Hospital and Birthing
      1. \$1,300 for the doctor/midwife to deliver your baby.
      2. \$5, 000 for the hospital
      3. + \$1,500 if you want an epidural (this figure is not reflected on the chart).
      4. **BONUS:** If your child is born premature what is the cost per day to take care of the child in the hospital?

- c. Pediatrician Visits – includes well and sick visits: if your child is born with a chronic illness (i.e. asthma) this figure will be higher. Also children that are breast-fed are less likely to become sick than formula fed children.
- d. Breast or Bottle – have the students discuss which is feeding option is best. Then allow to place a dollar value on each. (Hint: breast milk is free)
- e. Infant food – this is the cost of feeding the child from birth to one year, not including formula or breast milk. **BONUS:** the cost of one serving/jar of baby food.
- f. Weekly supplies (total cost of all for one year): This includes bottles, clothes, bath products, diapers, wipes. These items are disposable supplies or things baby will outgrow, that you will use weekly and purchase frequently. **Other:** cost of on package of diapers that will last one week (does not include wipes) and/or cost of one children’s outfit.
- g. Baby equipment: Includes, crib and bedding, car seat (infant, then toddler), stroller, swing, diaper bag, etc. These are large ticket items that you should only have to purchase one time, but won’t be able to use much beyond the first year. **Other:** cost of stroller, and/or car seat and/or crib and bedding.
- h. Housing – cost of rent, or an inexpensive home (find prices in your area to better represent your location). They also have to think about paying for insurance on top of that. This is optional, they may live with their parents, but they may not want to OR their parents may not allow them to.
- i. Utilities: electricity, phone bill, heat, hot water, laundry, cable (this does not include a cellular phone or internet access bill).
- j. Transportation – two yearly prices, bus or car (car price reflects a used Reliable Vehicle with no extras: **Bonus:** Car insurance for one year (this figure with vary based on your location)
- k. Babysitting and Childcare – cost for one year
- l. Learning tools – books, CDs, movies. This can vary depending on the financial state of the parents, but we are talking about minimal costs.

III. After going through the prices if each large ticket item (noted by the red dot) flip each chart over, starting with A and discuss the cost of all the items added together from each board. Continue with B and C. The prices should be all added together from one Board to the next. Finally, end with a discussion or **final bonus question** on the total cost of raising a child from birth through age 18 years. Explain that this figure (\$180,000 - \$200,00) does NOT include fancy summer camps, a car, college, etc. You may ask – How many DVD’s could you buy with this money? Or “for how long could you visit Disney World with this money?”

IV. The class then chooses the parent’s salary – either with or without a high school diploma. - A comparison of earning vs. expenses is discussed.

- A. Parent’s salary without a diploma is \$6.50 hr (current minimum wage then recalculate) @ 40hrs a week = \$260.00 a week. (Please note this does not include the deduction of taxes, social security, health insurance, retirement, etc bringing it to \$226.09). In one year this parent could make \$13,520 pre

and \$11,756.68 post taxes. Could this parent cover the costs of their child's needs making this much money? The answer should be **NO!**

B. Now discuss with the students what someone should do before becoming a parent to be ready to financially support a child.

1. finish school
2. go to college
3. find a good job
4. have a savings plan
5. have reliable transportation (public transportation or a car)
6. have a place to live (independently or with family)

## Current "Price is Right" Prices

### Board

#### **A**

Prenatal Care - **\$2,500**

\*Bonus- Health insurance - \$12,000/yr.

Childbirth (hospital stay) - **\$6,300** (+\$1,500 epidural, \$5,000 cesarean)

\*Bonus – Premie Care - \$1,000 - \$2,000/day

Pediatrician Visit (well, immunizations) - **\$500/yr**

Breast or Bottle? – **Breast Free**, Bottle \$1,400/yr.

**Total = \$9,300**

#### **B**

Infant Food - **\$600/yr.**

\*Bonus – Single serving – 75 cents

Baby Supplies - **\$1795/yr.**

\*Bonus – Diapers - \$15/wk or \$780/yr

\*Bonus – Single Simple outfit - \$18

Baby Equipment - **\$1,125/ first year**

\*Bonus -Car Seat - \$75 infant \$125 Toddler

\*Bonus – Stroller - \$150

\*Bonus – Crib & Bedding - \$775

**Total = \$3,520**

**Plus A +\$9,300**

**Total = \$12,820**

#### **C**

Housing – **\$1000/month or \$12,000/yr**

Utilities - **\$280/month or \$3,360/yr**

Transportation – **Car \$4,200/yr or Bus \$350/yr**

\*Bonus – Car insurance - \$1,850/yr female, or \$2,500/yr. male

Babysitting & Childcare - \$170/wk **\$8,840/yr**

Children's Learning Tools - **\$500/yr**

**Total = \$30,750**

**Plus A & B + 12,820**

**Game Total = \$43,570**

These prices reflect the cost of living in Central New York in 2006. You will need to research the most current prices of materials and services in your region to better reflect the cost for your students!

## The Cost of Raising Children

Many young people enter parenthood without realizing the sacrifices and difficulties it may bring. Once becoming a parent, it is quickly realized, that it costs money to raise a child, a lot of money - more and more every year. Parents (Dual-Parent Family) having a child in the year 2006 will find it can cost annually anywhere from \$6,490 (low-income family) to \$9,030 (middle-income families) to \$13,430 (for high-income families).

- In 2006 to raise a child from Birth until 18 it can cost anywhere from \$124,800 (low-income family) to \$170,460 (middle-income families) to \$249,180 (for high-income families) this does not take into consideration the cost of sending your child to college. \*1
- The cost of yearly expenses for raising a child is broken-up into percentage of a family's income as follows: \*2
  - Housing 33%-37%
  - Food 15%-20%
  - Transportation 14%-15%
  - Clothing 6%-8%
  - Health Care 5%-7%
  - Childcare and Education 7%-10%
  - Miscellaneous goods and service 10%-13%

“On average, families in the lowest income group spent 28 percent of their before-tax income per year on a child; those in the middle-income group 18 percent; and those in the highest income group 14 percent.” \*2

Research has also found the average cost to raise a child in : single-parent families is 24.5 percent of their income per year; dual parent families spent 16.8 percent of their income per year. \*3

This information can prove to be very useful when deciding when and if you will have children, or how many you will have. Children are a big financial responsibility and deciding to have a child will impact you greatly economically. There are however, many things you can do to financially prepare yourself for this responsibility.

Great Website resources to calculate the cost of raising a child:

<http://moneycentral.msn.com/articles/family/kids/tlkidscost.asp>

<http://www.bankrate.com/brm/calc/raiseChild.asp>

<http://www.babycenter.com/costofchild/>

1. <http://moneycentral.msn.com/articles/family/kids/tlkidscost.asp> 2006

2. Zimka, Kay. “The Cost of Raising a Child.”

<http://www.colostate.edu/Depts/CoopExt/PUBS/COLUMNCC/cc990305.html>, Feb 27, 1999.

3. <http://www.supportguidelines.com/articles/art200407.html>