Research Summaries

Spending patterns and income of single and married parents

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The number of American families headed by single parents has increased dramatically in the last three decades, growing from 9 percent of all households with children in 1960 to almost 24 percent in 1986.[1] This increase in single-parent families reflects the rise in separations and divorces, and an increase in families that are headed by unmarried mothers. The result is that 15 million of 63 million children, almost 1 of 4 live in single-parent households: 42 percent of these 15 million children have parents who are divorced, 27 percent of the children have parents who never married, 25 percent have parents who are separated, and 7 percent have a widowed parent.[2] The Census Bureau has estimated that more than 50 percent of all children will spend at least some time in single-parent households. Almost 89 percent of the children in single-parent households live with their mothers, and about 11 percent with their fathers.[3] Single-parent households headed by women are of special interest because they are more likely to be poor than are other households with children. Nearly half of all households in poverty are headed by women.[4]

The growth in the number of single-parent households and their economic situation is emerging as an important issue of public policy. Although the policy implications of single parenthood are not the topic of this summary, information about the economic situation of these families, as provided in this report, can be useful in evaluating the issue. A number of articles have examined the income and characteristics of single parents: these articles have mainly focused on households headed by women because they are the majority.[5] However, research comparing the expenditure patterns of single-parent households and married-parent households is scarce. The purpose of this report is to compare, in some detail, the expenditure patterns of these households. As an added dimension, comparisons are also made for single parents living in poverty and single parents not in poverty.

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Background on data

The data used for this study are taken from the Interview portion of the Consumer Expenditure Survey for the years 1984 through 1986.[6] Expenditures and characteristics are compared for all single parents and married parents and then for single parents in poverty and single parents not in poverty. Only consumer units which are complete income reporters are used in this sample; this step was followed so as not to distort the relationship between income and expenditures.[7] The Interview Survey selects participants on a rotating panel basis and targets approximately 5,000 consumer units each quarter. Respondents are interviewed for five consecutive quarters. One-fifth of the sample is new to the survey every quarter. The unit of study, the consumer unit, is similar to a family or household.[8] Single-parent families include those consumer units with a male or female reference person, no spouse present, and at least one child under age 18 who is living in the unit. Married parents include those consumer units in which both husband and wife are present and at least one child is under the age of 18. The reference person is the first member mentioned by the respondent to the survey when asked to "Start with the name of the person or one of the persons who owns or rents the home." Hence, either the husband or wife can be the reference person. The demographics cited refer to the reference person.

Each consumer unit, in the sample of single-parent units, is defined as above or below the poverty threshold. The poverty threshold is based on family composition as defined by the Bureau of the Census in the Current Population Reports.[9] For convenience, the following terms will generally be used throughout the text: "single-parents" for single parent units, "married parents" for married parent units, "poor single parents" for single-parent units living below the poverty threshold and "other single parents" for single-parent units living above the poverty threshold. Approximately 23 percent of all consumer units with children are single-parent units. Results indicate that married parents have more than twice as much income as have single parents and own more than twice as many vehicles (See table 1.). Married parents are more likely to be homeowners. The reference person of a single-parent unit is more likely to be black, and to have fewer years of formal schooling than the reference person for a married parent consumer unit. Single parents have a larger share of their children in the oldest age group and a

smaller share in the youngest age group when compared with married parents.

The consumption patterns of single parents may reflect the sources of income as well as their income levels because regularity of income is likely to be important when planning expenditures. The following tabulation presents the percentages of consumer units reporting income from these sources in the 1986 Consumer Expenditure Survey. Single parents and married parents differ significantly according to their sources of income:

Sources of income: percent reporting—	*Single parents*	*Married parents*
Money income before taxes	100	100
Wages and salaries	71	94
Self employment income	5	15
Social Security, Railroad Retirement, and other pensions	8	4
Dividends and other property income	17	36
Income from other sources	66	24
Public assistance	29	2
Alimony and child support	28	4
Food stamps	36	4

Only 71 percent of single parents report income from wages and salaries, compared with 94 percent of married parents. In contrast, 66 percent of single parents report income from other sources, such as public assistance, food stamps, alimony, and child support, compared to 24 percent of married parents. Income from these sources may not be received with regularity, especially income for child support and alimony payments, which for single parents make up more than a third of income from other sources. In 1983, the aggregate amount of child support payments due was $10.1 billion, but actual payments received amounted to only about $7.1 billion.[10] Of women entitled to receive child support payments, 31 percent of black women and 23 percent of white women received no payments.[11] In addition, 8 percent of single parents report income from Social Security, compared with 4 percent of married parents. With Social Security including survivor benefits, this higher percentage for single parents is not surprising because 9 percent of all single parents are widowed.

Expenditures

Table 2 includes the average annual per household and per capita expenditures of single parent and married parent consumer units. Significant differences between the two groups in the per household and per capita expenditures are noted in columns three and six.[12] Expenditure categories like shelter and fuels, utilities, and public services are best viewed in terms of per household expenditures, because these goods are assumed to be consumed jointly by household members. Other goods and services, such as public transportation, are purchased and consumed on an individual basis, and thus are more clearly viewed using per capita expenditures. Single parents spend less than married parents for all categories of transportation when per household expenditures are compared statistically. However, when per capita differences are examined, single parents do not spend differently than married parents on public transportation. When airline fares are subtracted from total public transportation, single parents spend more than married parents for the "other" category of public transportation on a per capita basis.

Making comparisons on a per capita basis may control for differences in family size, but it does not account for differences in family composition. While babysitting and day care expenditures will depend on the number of children a family has, one might be tempted to make the comparison on a per capita basis. However, because single parents and married parents have, on average, approximately the same number of children (table 1), and married parents have twice as many adults in their unit as single parents by definition, the results will be distorted. When per household expenditures for babysitting and day care are examined, there is no significant difference between the two groups. On a per capita basis, single parents appear to spend more on babysitting and day care. While one could argue that there are some married-parent households in which the wife stays at home during the day so that day care expenditures would be minimal or nonexistent, there also are single parents who must stay at home because the cost of entering the labor force may be higher than the earnings that they would receive. However, in families in which both parents work outside the home, two incomes contribute to day care, whereas the single parent theoretically only has one. Thus, the per household comparison shows a clearer picture of expenditures on day care and babysitting; there is no statistically significant difference in expenditures for the two groups in spite of the substantial difference in income.

Table 1. Characteristics of single parents and married parents, 1984-86

Characteristics	Single parents	Married parents
Number of consumer units (millions)	7.4	31.7
Income before taxes	$14,671	$33,153
Income after taxes	$13,633	$30,305
Size of consumer unit	2.9	4.1
Age of reference person	36	37
Average number in consumer unit:		
Earners	1	2
Children under 18	1.7	1.9
Vehicles	1.1	2.6
Percent reporting:		
Homeownership	36	75
Black reference person	27	7
Education of reference person (percent):		
Elementary (1-8)	7	5
High school (9-12)	55	45
College	37	49
Percentage with children of ages:		
Less than 6	35	49
6-11	43	44
12-17	55	46

Table 2. Selected per household and per capita average expenditures of single-parent and married parent consumer units, Interview Survey, 1984-86

Item	Per household expenditures			Per capita expenditures		
	Single parents	Married parents	Significant difference at α=.01.	Single parents	Married parents	Significant difference at α=.01.
Average annual expenditures	$15,867	$28,708	*	$5,979	$7,352	*
Food	2,846	4,521	*	1,023	1,134	*
Food at home	2,200	3,295	*	775	821	*
Food away from home	647	1,226	*	247	312	*
Housing	5,699	8,794	*	2,185	2,267	—
Shelter	3,264	4,937	*	1,269	1,277	—
Owned dwellings	1,306	3,491	*	510	896	*
Rented dwellings	1,756	963	*	683	258	*
Other lodging	203	483	*	77	123	*
Utilities, fuels, and public services	1,492	2,047	*	545	519	*
Household operations	440	597	*	179	158	*
Babysitting and day care	344	394	—	142	106	*
Housefurnishings and equipment	503	1,213	*	191	313	*
Transportation	2,758	6,194	*	1,039	1,597	*
Vehicle purchases	1,145	2,894	*	423	756	*
Cars and trucks, new	553	1,662	*	217	443	*
Cars and trucks, used	591	1,232	*	206	314	*
Gasoline and motor oil	659	1,412	*	249	358	*
Public transportation	175	253	*	68	6	—
Other vehicle expenses	779	1,636	*	298	418	*
Apparel	1,023	1,569	*	380	398	—
Men age 16 and over	97	286	*	35	73	*
Boys ages 2 to 15	120	140	*	43	33	*
Women age 16 and over	315	425	*	122	109	*
Girls ages 2 to 15	153	187	*	53	45	*
Children under age 2	39	96	*	15	26	*
Health care	556	1,126	*	210	286	*
Entertainment	712	1,565	*	274	400	*
Personal care	147	241	*	54	61	*
Reading	90	162	*	34	42	*
Education	245	384	*	87	94	—
Tobacco and smoking supplies	192	278	*	72	71	—
Miscellaneous[1]	277	269	—	106	70	*
Contributions	370	767	*	136	196	—
Personal insurance and pensions	1,083	3,139	*	423	812	*

[1]Miscellaneous includes safety deposit box rental, checking account fees, and other bank services; legal fees; accounting fees; funerals; cemetery lots; union dues; occupational expenses; and finance charges other than for mortgage and vehicles.

Per household expenditures. Many of the differences in expenditures between single parents and married parents can be explained by their characteristics. As mentioned earlier, married parents on average have more than twice as many vehicles as single parents and a higher rate of homeownership. These differences are clearly reflected in the expenditures of single parents and married parents. Single parents spend less than married parents for all categories of transportation: vehicle purchases, gasoline and motor oil, public transportation, and other vehicle expenses. In accordance with their lower rate of homeownership, single parents spend less than married parents on owned dwellings and more on rented dwellings. Single parents also spend less than married parents on expenditures for fuels, utilities, and public services. This is most likely due to the fact that these expenditures are often included in rental payments.

Per capita expenditures. Single parents spend more per capita than married parents on apparel for boys, girls, and women and less on apparel for men and children under age 2. It stands to reason that they would spend less on men's apparel, and more on women's apparel because 87 percent of all single-parent consumer units in this sample are headed by women. Expenditures for infants' apparel are less for single parents because they have a lower proportion of children in the younger age group. This difference may also be explained by the fact that gifts, which are more likely to be purchased by married couples are included in these expenditures.[13]

Although single parents spend less than married parents on total health care, they spend more on the services of practitioners other than physicians. Single parents spend less on all types of health insurance except Medicare, physicians' services, eye care, prescription drugs, lab tests, and x rays, excluding dental and eye care. The limited incomes of single parents may make them eligible for Medicaid or other public health services and, therefore, they have more restricted choice in their use of health care which can affect their spending.

Single parents spend more on miscellaneous expenditures, which include legal fees, than married parents. Possibly, single parents spend more on legal fees because they have fees for divorce and separation and for collection of alimony and child support. In this sample, 48 percent of

single parents are divorced and 18 percent are separated. The percentage of the sample reporting expenditures for legal fees is 7 percent for single parents versus only 3 percent for married parents.

One would expect single parents to spend less on discretionary items because their incomes are lower on average. Single parents spend less on food away from home than do married parents: 76 percent of single parents report such expenditures compared with 92 percent for married parents. Single parents also spend less than married parents on entertainment, personal care, reading, personal insurance, and pensions. The expenditures for education, tobacco and smoking supplies, and cash contributions are not significantly different between single parents and married parents.

Single parents in poverty

In the sample used for this study, approximately 50 percent of all single parents have incomes below the poverty threshold.[14] This result is consistent with that reported in the Current Population Reports for the same period. Forty-four percent of poor single parents did not graduate from high school, compared with only 13 percent of other single parents. Conversely, only 4 percent of poor single parents are college graduates, compared with 22 percent of other single parents. Thirty-one percent of poor single parents live in the South and 14 percent live in the West. The share of families in these regions is more when examining other single parents; 36 percent live in the South and 22 percent, in the West. For the Northeast and Midwest, the numbers reverse. Twenty-two percent of poor single parents live in the Northeast and 33 percent live in the Midwest, compared to 18 percent of other single parents living in the Northeast and 24 percent in the Midwest. Ninety-four percent of poor single parents are women, compared with 82 percent of other single parents. Thirty-five percent of poor single parents are black, compared with 20 percent of other single parents.

When comparing per household expenditures, poor single-parent consumer units spend less than other single parents for owned dwellings. (See table 3.) Poor single parents also spend less on fuels, utilities, and public services, and household operations, furnishings, and equipment than other single parents. However, there is no significant difference between the two groups for expendi-

Table 3. Selected per household and per capita average expenditures for single-parent consumer units in poverty and other single-parent consumer units, Interview Survey, 1984–86

Item	Per household expenditures			Per capita expenditures		
	Single parents in poverty	All other single parents	Significant difference at α=.01.	Single parents in poverty	All other single parents	Significant difference at α=.01.
Average annual expenditures	$9,423	$21,311	*	$3,197	$8,329	*
Food	2,362	3,256	*	763	1,242	*
Food at home	2,121	2,266	*	679	857	*
Food away from home	241	990	*	84	385	*
Housing	3,771	7,329	*	1,304	2,929	*
Shelter	2,135	4,218	*	750	1,708	*
Owned dwellings	441	2,036	*	152	812	*
Rented dwellings	1,662	1,835		586	764	*
Other lodging	31	348	*	12	132	*
Utilities, fuels, and public services	1,172	1,762	*	391	676	*
Household operations	183	657	*	70	272	*
Babysitting and day care	136	520	*	53	217	*
Housefurnishings and equipment	282	691	*	93	273	*
Transportation	1,284	4,002	*	434	1,550	*
Vehicle purchases	519	1,674	*	166	641	*
Cars and trucks, new	176	872	*	54	355	*
Cars and trucks, used	343	802	*	111	286	*
Gasoline and motor oil	381	893	*	133	348	*
Public transportation	92	246	*	31	99	*
Other vehicle expenses	292	1,190	*	104	462	*
Apparel	621	1,362	*	205	528	*
Men age 16 and over	39	146	*	12	54	*
Boys ages 2 to 15	94	142	*	29	55	*
Women age 16 and over	129	472	*	46	186	*
Girls ages 2 to 15	115	185	*	36	68	*
Children under age 2	51	28	*	18	12	*
Health care	221	839	*	79	321	*
Entertainment	339	1,026	*	117	407	*
Personal care	78	206	*	25	79	*
Reading	38	133	*	13	53	*
Education	113	357	*	44	124	*
Tobacco and smoking supplies	183	199		65	77	*
Miscellaneous[1]	143	389	*	55	149	*
Contributions	40	649	*	15	239	*
Personal insurance and pensions	191	1,838	*	64	727	*

[1]Miscellaneous includes safety deposit box rental, checking account fees and other bank services; legal fees; accounting fees; funerals; cemetery lots; union dues; occupational expenses; and finance charges other than for mortgage and vehicles.

tures on rented dwellings. At first glance, one would expect poor single parents to spend more for rented dwellings as a percentage of their total expenditures because 82 percent are renters, compared to only 48 percent of other single parents. But poor single parents may be more likely to live in subsidized or low rent housing than other single parents, which would lower their out-of-pocket expense for rented dwellings.

In all categories of transportation, poor single parents spend less than other single parents. Transportation is a necessity to most, but its frequency and form can vary greatly, depending on an individual's need and ability to pay.

On a per capita basis, poor single parents spend less than other single parents on all categories of expenditures listed in table 3. While poverty is common among single parents, single parents also are becoming more prevalent among those in poverty. More than one-third of the poverty population consists of single mothers and their children.[15] Children are more and more likely to live in poverty. Currently, one-fourth of all American children live in poverty, and it is estimated that more than 30 percent of children born in 1980 can expect to be on welfare before they reach age 18.[16]

THE RESULTS OF THIS STUDY indicate that there are a large number of significant differences between the expenditure patterns of single-parent and married-parent consumer units as well as between those of poor single parents and other single parents. The expenditures of single parents provide a vantage point on their economic well being, although some differences may be related to differences in socioeconomic characteristics. While the comparisons provided a preliminary look at single parents' expenditures, additional research is needed to determine the relationship between parents' marital status and expenditures. This could be done by controlling for the other differences in household composition and other demographic characteristics that may affect expenditures. □

———*FOOTNOTES*———

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[1]*Marital Status and Living Arrangements: March 1986, Current Population Reports*, Series P-20, No 418 (Bureau of the Census, 1986).

[2]*Ibid.*

[3]*Marital Status and Living Arrangements: March 1986.*

[4]*Poverty in the United States: 1986, Current Population Reports*, Series P-60, No. 160, (Bureau of the Census, 1988).

[5]For examples see: Mary Jo Bane and Robert Weiss, "Alone Together: The World of Single Parent Families, *American Demographics*, May 1980, pp. 11–16; Suzanne M. Bianchi and Judith Seltzer, "Life Without Father," *American Demographics*, December 1986, pp. 43–47; Irwin Garfinkel and Sara McLanahan, *Single Mothers and their Children: A New American Dilemma* (Washington, The Urban Institute, 1986); and George Masnick and Mary Jo Bane, *The Nation's Families: 1960–1990* (Cambridge, MA, Joint Center for Urban Studies of MIT and Harvard University, 1980).

[6]The Consumer Expenditure Survey is described in detail in *BLS Handbook of Methods*, Bulletin 2285 (Bureau of Labor Statistics, 1988), ch. 18.

[7]The distinction between complete and incomplete income reporters is based in general on whether the respondent provided values for major sources of income, such as wages and salaries, self-employment income, and Social Security income. Even complete income reporters may not have provided a full accounting of income from all sources. In the current survey, across-the-board zero income reporting was designated as invalid, and the consumer unit was categorized as an incomplete reporter.

[8]The consumer unit is identified by any one of three living arrangements: 1) all members of a household who are related by blood, marriage, adoption, or other legal arrangements; 2) a person living alone or sharing a household with others, but who is financially independent, or 3) two or more persons living together who pool their income to make joint expenditure decisions. Financial independence is determined by three major expense categories: housing, food, and other living expenses. To be considered financially independent, at least two of the three major expense categories have to be provided by the respondent. The terms "household," "family," and "consumer unit" are used interchangeably throughout the text.

[9]*Poverty in the United States: 1986* (Bureau of the Census, 1988.)

[10]Cynthia M. Taeber and Victor Valdisera, *Women in the American Economy, Current Population Reports*, Series P-23, No. 146 (Bureau of the Census, 1986).

[11]*Ibid.*

[12]To test for significant differences in sociodemographic characteristics and expenditures between single parents and married parents and between poor single parents and other single parents, a data base was created using 1984–86 Consumer Expenditures Survey data. The data used in this sample were collected in 1984–86. The actual expenditure period covered is October 1983 to October 1986. A consumer unit may appear from one to four times in the data base, due to the repeated interviewing of each unit. However, each occurrence of a consumer unit has been treated as if it were a separate unit. Treating each interview as an independent observation assumes that the covariance among interviews of the same units is small when averaged over the entire sample. The sample size is inversely related to the covariance of expenditures among interviews. In addition, the weights used for any unit can change from interview to interview because each quarter is a separate and complete sample. These are the assumptions used in all Consumer Expenditure Survey publications. For more information, see *Consumer Expenditure Survey: Interview Survey, 1984*, Bulletin 2267 (Bureau of Labor Statistics, 1986). The data base for this time period contained a sample of 17,796: 3,367 single-parent observations, 14,429 married-parent observations, 1,607 poor single-parent observations, and 1,760 other single-parent observations. Weighted ordinary least squares regressions was used to test whether differences between the groups were statistically significant at the $a = .01$ level.

[13]Based on unpublished results, Thesia Garner, Division of Price and Index Number Research, Consumer Expenditure Surveys, Bureau of Labor Statistics, 1988.

[14]The poverty threshold used is the one established by the Bureau of the Census, see *Poverty in the United States* (Bureau of the Census, 1988). For a three-person household with two children under age 18, the poverty threshold in 1986 is $8,829 and for a four-person household with two children under 18, the poverty threshold is $11,113. The t-tests used in this section are one-tailed with $a = .01$.

[15]Barbara R. Bergmann, *The Economic Emergence of Women* (New York, Basic Books, Inc., 1986), p. 228.

[16]"We Can't Avoid Family Policy Much Longer," *Challenge*, September–October 1985, p. 10.