



Lawrence D. Copp



Jeffrey B. Carr



Economic, Policy and  
Financial Analysts



John M. Dellipriscoli



Nathan A. Masse

## Economic & Policy Resources, Inc.

**Jeffrey B. Carr**

President & Senior  
Economist

**Lawrence D. Copp**

Director & Senior Economist

**Robert A. Chase**

Senior Economist

**Matthew L. Cooper**

Economist

**John M. Dellipriscoli**

Economist

**Phillip L. Sprehe**

Economist

**Amanda M. Wassel**

Research Economist

**Nathan A. Masse**

Research Economist

**Denise C. Fortin**

Administrative Assistant

.....

### Contact Information

400 Cornerstone Drive, Suite 310

PO Box 1660

Williston, Vermont 05495

Phone:

802.878.0346

800.765.1377

Fax:

802.878.0876

E-mail:

info@epreconomics.com

Website:

www.epreconomics.com

## Lost Household Services as an Element of Economic Damages in Personal Injury and Wrongful Death

### Why We Value Household Services

Household services refer to the many unpaid tasks typically performed by household members on behalf of the household unit. They encompass a wide range of activities from cooking and household finance to wardrobe maintenance and yard work. The value of lost household services can be a significant component of damages in a personal injury or wrongful death case. It is important for plaintiff and defense attorneys alike to consider lost household services when reviewing a case.

### Origin of Household Services in the Litigation Process

The origin of household services in litigation is linked to the consideration of a wife's household work as it related to the disposition of marital property in divorce proceedings. As the intrinsic value of household services gained acceptance, it also became more widely recognized that those services could be lost upon the service provider's death or injury. Consequently, the need arose to accurately measure the economic value of these lost services, and thus the use of economic experts. Today, the concept of economic losses associated with lost household services is an element of loss in personal injury and wrongful death litigation that is widely recognized.

### Magnitude of Value

The monetary value of household services can be significant when considered in terms of the individual's lifetime contribution. The magnitude of loss depends on the size of the family unit and other case specifics (e.g., death or seriousness of injuries), it is not uncommon for the value of such services to be in the hundred thousands of dollars. In general, the largest losses involve young parents with young children. While these losses are generally larger when the injured or deceased subject is a woman, loss of services provided by

men and dependent children can also be significant and are frequently considered. For example, according to *The Dollar Value of a Day*, in a two parent household (with children under age 18) where both parents are employed outside of the household, the wife was found to contribute 3 and 5 hours of household services per day and the husband between 2 and 4 hours per day, depending on the age of the children present in the household. Over a year these figures add up to between 1,295 and 1,680 hours for the wife and between 911 and 1,128 hours for the husband. Using an average wage rate of \$10.50 per hour for illustration purposes only, the annual monetary value of these contributions can be determined.

Value of Household Services: Multiple Adult Household w/ Children, Adults employed Full-Time				
	Female		Male	
	Low	High	Low	High
Hrs/wk	25.8	33.6	18.2	22.5
Hrs/yr	1,291	1,680	910	1,125
Average Wage	\$10.50	\$10.50	\$10.50	\$10.50
Annual Value @ 100% Loss	\$13,556	\$17,640	\$9,555	\$11,813
Annual Value @ 50% Loss	\$6,778	\$8,820	\$4,778	\$5,864

For the wife in this example, the annual value for services would be between \$13,556 and \$17,640. For the husband, this annual value would be between \$9,555 and \$11,813. Based on these values and expected reduction in service provision, the resulting annual loss to the household can be

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### Contact Information



### **Economic & Policy Resources, Inc.**

400 Cornerstone Drive, Ste 310  
PO Box 1660  
Williston, Vermont 05495

Phone:

802.878.0346  
800.765.1377

Fax:

802.878.0876

E-mail:

info@epreconomics.com

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determined. Using the above example of the mother, her wrongful death would result in an annual loss of household services of between \$13,556 and \$17,640. If the same mother experienced a personal injury that reduced her ability to provide household services by 50%, the resulting annual loss would approximately be between \$6,778 and \$8,820. These examples represent a general approach to determining the value of household services loss known as "replacement cost."

### Determining Time Spent on Household Services

Generally, an economist uses one of two approaches to determine the number of hours a person spends on household services. One method is to use broad-based studies of household services found in *The Dollar Value of a Day*. Studies such as these typically present survey data on hours spent providing household services dependent on characteristics such as marital status, age, employment status, children, etc. They also tend to be the most frequently used approach. The other method is the so-called "diary method," in which family members of the subject are asked to inventory the subject's contribution to household tasks in a typical time period. Based on this data, the economist can compile the dollar value of those services lost by the household. A hybrid approach might combine these two approaches.

### Elements of Loss

A variety of factors are considered when analyzing lost household services. These include: (1) the type of case: wrongful death or personal injury, (2) the nature of services rendered, (3) the number of hours devoted to household services, (4) the hourly rate assigned to such services, (5) growth in the hourly rate, (6) the probable time period in which lost services are expected to occur, and (7) likely future changes in family composition. Once these future losses have been calculated, they are typically escalated into the future and then discounted into present value terms consistent with jurisdictional requirements.

### Considerations in Determining Economic Loss

Empirical research has shown that the typical husband and wife, regardless of their employment status, devote a substantial number of hours per week to household services. Teenage dependents, and to a lesser extent, elementary school age children can also shoulder a share of the housework burden. In personal injury cases involving only partial loss of functioning, lost value of household

services may be dependent on the severity of the injury and the level of disability. In such cases, a medical and/or vocational opinion may be required to determine the extent of such losses. Lost value also varies according to the type of services provided and the family situation. For example, the loss of services resulting from the death of a caretaker of a disabled dependent would likely be of substantially greater value than an individual without such dependents. In addition, consideration may be made for family members with unusual talents. For example, if a wife is an accountant, she may save the family significant amounts of money by keeping the family's books and doing the tax returns herself. In cases such as these, the opportunity cost of the homemaker may be a more relevant measure of the value of services. In both cases, a time-use approach specific to the household and subject in question is an appropriate starting point in the analysis.

### Effective Courtroom Testimony

Although the loss of household services supplied to a family or household unit is intuitively logical to most juries, the expert analyst must be prepared to explain the loss analysis to lay-people. Many times this involves the use of a trained forensic economist with experience in testimony on this matter. The expert witness must be prepared to explain why his or her analysis may contradict what a lay-person's intuition might indicate.

### Summary

The value of lost household services can vary substantially depending on the circumstances of the household situation. Lost household services, along with lost employment earnings and/or loss of business profits, have become an integral part of most economic loss analyses involving personal injury and wrongful death. In some cases, it may be the most significant portion of the total loss. As such, it is essential that the measurement of such losses be based on a thorough analysis with fully supported facts and available evidence.

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