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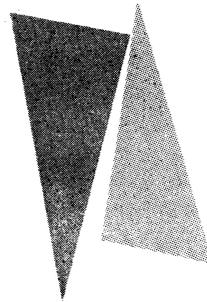


retired couple's budget

FOR A MODERATE
LIVING STANDARD

Autumn 1966-Bulletin No. 1570-4

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS



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U.S. DEPARTMENT OF LABOR
Willard Wirtz, Secretary
BUREAU OF LABOR STATISTICS
Arthur M. Ross, Commissioner

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Introduction

The Retired Couple's Budget described in this bulletin is a companion to the budget for a younger, 4-person family published in the City Worker's Family Budget for a Moderate Living Standard, Autumn 1966, Bulletin No. 1570-1.

All benchmark estimates of living costs are based on specific family situations. The cost estimates of the Retired Couple's Budget are for an urban family of 2 persons--a husband age 65 or over and his wife--who are presumed to be self-supporting and living independently. The budget also specifies that both husband and wife are in reasonably good health for their age and able to take care of themselves, and that each is covered by hospital and medical insurance under the federal Medicare program. Two-thirds of these families are homeowners, living in houses which are mortgage-free. The couple has average inventories of clothing, housefurnishings, major durables, and other equipment. Even at a comparable standard of living, benchmark cost estimates for younger and larger families will be higher, and estimates for single persons will be lower, than those for the retired couple. In other words, there is no single answer to the question, "How much does it cost to live?" Family size, age, and type have a significant effect on spending patterns, manner of living, and family needs.

The other major consideration--in addition to family composition--in developing family budgets is the living standard for which cost estimates are made. "Standards of living" refer to the goals we set for ourselves as consumers of goods and services and as users of leisure time. The living standard represented by the current Retired Couple's Budget is described as moderate. It provides for the maintenance of health and social well-being, and participation in community activities. This generalized concept of a moderate standard has been translated into a list of commodities and services which can be priced. (See appendix A.) Examination of the lists provides the clearest insight into what the moderate standard comprises.

The content of the new budget for a moderate standard is based on the manner of living and consumer choices in the decade of the 1960's. The list of goods and services included was derived in several ways. Nutritional and health standards, as determined by scientists and technicians, were used for the food-at-home and the shelter components. The selection among the various kinds of food and housing arrangements meeting the standards was based on actual choices made by families as revealed by surveys of consumer expenditures. The Medicare program shaped part of the standard for medical care. Where scientific standards have not been formulated or legislation enacted, analyses of the data reported in the Bureau's Survey of Consumer Expenditures in 1960-61 and related consumption studies were used to determine the specific items, and the quantities and qualities thereof, to be included in the budget. These analytical procedures result in basing some parts of the budget upon inferences about the collective judgment of consumers as to the kinds and amounts of consumption required, rather than upon scientific standards. In such analyses, some exercise of the budget-maker's own judgment is involved; however, in this budget, such judgment has been confined to selection of the basic data and determination of the procedures to be followed in deriving the items and quantities making up these parts of the budget. The specific decisions that were made with respect to each component of the new Retired Couple's Budget are documented in this bulletin.

The moderate living standard does not show how an "average" retired couple actually spends its money, nor does it show how a couple should spend its money. Individual families may spend more on one item and less on others than the amounts indicated in the budget. Furthermore, some families can and do spend less than the total amount specified in this budget without feeling deprived and without impairing their health or their ability to contribute constructively to our society. In general, however, the representative list of goods

and services comprising the standard reflects the collective judgment of families as to what is necessary and desirable to meet the conventional and social as well as the physical needs of families of the budget type in the present decade.

The new Retired Couple's Budget is the third study for this family type which translates a generalized concept of a moderate standard of living into a list of commodities and services that can be priced. The original Budget for an Elderly Couple, developed by the Social Security Administration to parallel the original City Worker's Family Budget prepared by BLS, was priced in 13 large cities in 1946, 1947, and 1949. The quantities and qualities of goods and services included in that budget were based on the manner of living and standards prevailing in the early 1940's. The budget was repriced by BLS in 34 large cities in October 1950, but it was discontinued after that date because it was outmoded.

In 1960, the Bureau issued The Interim Budget for a Retired Couple. It was based on a new list of goods and services representing "modest-but-adequate" living in accordance with standards prevailing in the 1950's. Because the basic data used in the analysis related to the early 1950's, and because of the limited scope of this revision, it was considered "interim," pending a more complete review of the procedures and the availability of data from the Bureau's Survey of Consumer Expenditures in 1960-61. The interim budget was priced only once, in autumn 1959, in 20 large cities.

Both of the earlier budgets were for a family of the same size, age, and type as that in the new budget. Similarly, the living standard in all three studies provides for the maintenance of health and social well-being, and participation in community activities. For the most part, the procedures used to translate this generalized concept of the living standard into a list of goods and services were also the same, but the kinds and quantities of items comprising the standard differ, because the budgets reflect the conditions of living in three different decades. Changes in educational levels, cultural developments growing out of travel and migration, and growth in purchasing power affect

the level of living of American families and their ideas about what constitutes a moderate living standard.

Technological advances also influence the composition of the standard. New types of consumer goods and services are developed, mass production increases their availability, and mass communication and advertising media stimulate the demand for them. As real incomes rise, certain aspects of living, once considered attainable only by a few, come within the reach of many and are accepted as part of the American way of life. For senior citizens in particular, a rising level of social concern for their welfare and the adequacy of their income and resources has been an additional factor in changing their own expectations and attitudes toward retirement. In a dynamic society, therefore, the relative position of a moderate living standard on a scale of all living standards may remain fixed, but the description of what constitutes that standard will be ever changing.

The present study differs from the earlier budgets in two major respects. These differences affect the level of the 1966 costs and comparative living cost indexes, particularly in relation to the costs and indexes of the 1959 interim budget.

1. For the first time, the budget has been priced in a sample of medium-sized and small cities. Thus, it is possible to estimate the average U.S. urban budget cost and to compare metropolitan and nonmetropolitan area costs. (See appendix B.)
2. Costs of maintaining an owned home (mortgage-free) have been included in the moderate standard. Shelter costs in the earlier budgets were limited to rental housing. Use of rental housing only was appropriate for large cities in terms of the 1940 modest standard of the original budget, but it was recognized as a limitation in the 1959 interim budget in terms of the standard of the 1950's. The addition of homeowner costs provide, for the first time, comparative budget costs for renter and owner families and intercity indexes of homeowner maintenance costs for equivalent housing.

The effects of these and other changes on the moderate standard are discussed in detail in this bulletin.

A list of the Bureau's previous budgets and related references is provided in appendix C, including the Report of the Advisory Committee on Standard Budget Research, June 1963. The report summarizes the recommendations of a special committee of experts, representing users of standard budgets in State and local welfare administration, academic research, labor unions, and business organizations. The committee advised the Bureau on the direction that its research on standard budgets should take, and its recommendations formed guidelines for the Bureau in the development of the current budget.

The following bulletins in the current series report results of other phases of the standard budget research program:

Bulletin 1570-1 gives the autumn 1966 costs of the City Worker's Family Budget for a moderate standard of living.

Bulletin 1570-2 will describe the Revised Equivalence Scale for estimating budget costs for families of different size, age, and type.

Bulletin 1570-3 will report the autumn 1966 Budget Pricing Procedures, Specifications, and Average Prices.

Subsequently, there will be bulletins on the spring 1967 costs for the moderate standard, and for a lower and a higher standard for the 4-person family and for the retired couple. The lower standard budget will represent a minimum of adequacy. Substantial downward adjustments will be made in the content and/or manner of living of the moderate standard, where this is possible without compromising the family's physical health or self-respect as members of their community.

In contrast with the moderate budgets, the lower standard budgets will not conform in certain respects to prevailing customs and buying practices--that is, to the collective judgments of families of these types concerning what is necessary for a satisfactory standard of living. The lower standard budgets are expected to be more appropriate than the moderate budgets for use in establishing goals for public assistance and income maintenance programs in the current decade.

The higher standard budget, while not connoting real affluence, will represent a more comfortable level and manner of living than the moderate standard, and a concept of economic success to which numerous American families aspire. The higher standard will be useful in measuring the ability of self-supporting families to pay for social and health services in unusual circumstances, and in general economic analysis.

In the future, estimates of the annual cost of the three standard budgets for the 4-person family and for the retired couple will be made as of the spring of the year and published periodically for the same metropolitan areas and regional classes of nonmetropolitan areas as those included in the present study. The budget quantities and weights will remain fixed, however, for longer periods of time. While living standards are constantly changing, and over time the accumulated change may be dramatic, year-to-year variations are often difficult to identify and the basic data to measure such differences as do occur are not available.

This bulletin was prepared by Jean C. Brackett under the supervision of Helen H. Lamale, Chief of the Division of Living Conditions Studies, and the general direction of Arnold E. Chase, Assistant Commissioner. Elizabeth Ruiz supervised the research for all budget components except food and medical care, for which Mary H. Hawes was responsible. Other staff members whose work contributed substantially to the project were Miriam A. Solomon, Roseann C. Cogan, Alice B. Curry, and M. Louise McCraw.

Retired Couple's Budget for a Moderate Living Standard, Autumn 1966

Costs in Urban Areas

The annual cost of living at a moderate standard for a retired couple (husband and wife, age 65 or over) averaged \$3,869 in autumn of 1966 in urban areas of the United States. The cost averaged \$4,006 in metropolitan areas and \$3,460 in smaller cities. ^{1/} These estimates include allowances for food, housing, transportation, clothing, personal care, medical care, and other items used in family living. The budget also includes an allowance for gifts to persons outside the family and contributions to religious, welfare, and other organizations, amounting to 6 percent of the total cost. Life insurance is not included; however, on the assumption that payments on a basic policy were completed before retirement. There is also no provision for the payment of income taxes, since the cost of the budget is below the level at which retired couples are obligated to pay Federal income taxes. Distributions of costs, by major components of the budget, are shown in the tabulation below.

Total budget costs were \$179 higher for renter than for homeowner families who were living in

^{1/} Table 1 shows annual costs of the budget for urban United States, metropolitan and nonmetropolitan areas, 39 individual metropolitan areas, and 4 nonmetropolitan regions. (See p. 3.) Although costs have been rounded to the nearest dollar, the estimates are subject to two kinds of errors: Errors of judgment in determining the kinds, quantities, and qualities of goods and services appropriate for a specific living standard (a standard budget is not a survey of how families at a particular income level actually spend their money); and sampling and reporting errors in the calculation of average prices. Since measures of the error from these two sources are not available, small difference in costs should not be regarded as significant.

Distribution of costs by major components, autumn 1966

Component	Total cost of budget			Cost of family consumption		
	Total urban	Metropolitan areas	Nonmetropolitan areas	Total urban	Metropolitan areas	Nonmetropolitan areas
Total cost-----	\$3,869	\$4,006	\$3,460	\$3,637	\$3,766	\$3,252
Percent distribution-----	100.0	100.0	100.0			
Total family consumption-----	94.0	94.0	94.0	100.0	100.0	100.0
Food-----	27.7	27.2	29.7	29.5	28.9	31.5
Housing ¹ -----	33.6	34.7	29.0	35.6	37.0	30.9
Transportation-----	8.9	8.6	10.0	9.5	9.1	10.6
Clothing and personal care----	8.9	8.6	9.9	9.5	9.2	10.6
Medical care-----	7.3	7.2	7.9	7.8	7.6	8.4
Other family consumption-----	7.6	7.7	7.5	8.1	8.2	8.0
Gifts and contributions-----	6.0	6.0	6.0			

^{1/} Weighted average cost for homeowner (65 percent) and renter (35 percent) families.

mortgage-free homes. ^{2/} Costs were highest for renter families in metropolitan areas and lowest for homeowner families in smaller cities, averaging \$4,127 and \$3,404 respectively. (See the following tabulation.) This difference reflects not only the variation in the costs and manner of living

2/ Since the majority of retired couples are homeowners, their costs constitute 65 percent, and costs for renters 35 percent, of the weighted average cost of shelter for urban United States and each individual area.

associated with renting or owning a mortgage-free house but also the difference in transportation requirements and spending patterns for clothing, personal care, recreation, meals away from home, etc., between metropolitan areas and smaller cities. ^{3/}

3/ See appendix A for separate quantity lists for families residing in metropolitan and non-metropolitan areas. These lists were developed for all budget components that were derived by analysis of the choices of goods and services made by consumers in successive income groups.

Differences in total budget costs by type of area and tenure

Tenure	Urban United States	Metropolitan areas	Nonmetropolitan areas	Cost difference by type of area
Total budget cost -----	\$3,869	\$4,006	\$3,460	\$546
Renter families -----	3,985	4,127	3,563	564
Homeowner families -----	3,806	3,941	3,404	537
Cost difference by tenure-----	179	186	159	XXX

Intercity Differences

The new budget provides a wide variety of comparative living cost indexes, not only for total budget costs but for the major categories of consumer goods and services (table 2). For the first time in the Bureau's program of standard budget research, separate budget cost estimates and comparative indexes are provided for individual medium-sized metropolitan areas and for broad regional groupings of nonmetropolitan areas. The average costs for the items which make up the budget in each area are shown in table 1. Also, for the first time, comparative housing cost data for renter and owner families are included separately.

The intercity indexes reflect not only the differences among areas in price levels but also climatic or regional differences in the quantities and types of items required to provide the speci-

fied standard of living, and differences in State and local taxes. They are comparative living cost indexes and not comparative price indexes.

Variations in Total Costs

The total annual cost of the budget in 1966 ranged from \$3,246 in the small Southern cities to \$4,434 in Honolulu. Indexes of relative costs for these areas were 84 and 115 respectively, with the U.S. urban average cost equal to 100. Hartford was the highest of the mainland cities, having a cost of \$4,352 and an index rating of 112.

The budget exceeded the U.S. average cost by more than 5 percent in 5 of the 8 metropolitan areas in the Northeast (Hartford, New York-Northeastern, N.J., Boston, Buffalo, and Portland, Me.), and also in Milwaukee, Seattle, San Fran-

Table 1. Annual Costs of the Retired Couple's Budget¹ by Major Components, Urban United States, 39 Metropolitan Areas, and Nonmetropolitan Areas by Regions, Autumn 1966

Item	Urban United States			Northeast								
	Total	Metropolitan areas ²	Nonmetropolitan areas ³	Boston, Mass.	Buffalo, N. Y.	Hartford, Conn.	Lancaster, Pa.	New York-North-eastern New Jersey	Phila-delphia, Pa.-N. J.	Pitts-burgh, Pa.	Portland, Maine	Nonmetro-politan areas ³
Food-----	\$1,072	\$1,089	\$1,023	\$1,174	\$1,106	\$1,202	\$1,157	\$1,204	\$1,144	\$1,115	\$1,129	\$1,135
Food at home-----	964	975	932	1,066	996	1,067	1,032	1,053	1,033	999	1,042	1,021
Food away from home-----	108	114	91	108	110	135	125	151	111	116	87	114
Housing: Total-----	1,295	1,392	1,004	1,595	1,490	1,523	1,270	1,670	1,396	1,258	1,417	1,212
Renter families-----	1,411	1,513	1,107	1,612	1,531	1,647	1,358	1,638	1,421	1,393	1,361	1,366
Homeowner families-----	1,232	1,327	948	1,586	1,468	1,456	1,223	1,688	1,383	1,185	1,448	1,129
Shelter: Total ⁴ -----	834	893	656	1,075	971	1,019	803	1,146	908	772	909	860
Rental costs ⁵ -----	950	1,014	759	1,092	1,012	1,143	891	1,114	933	907	853	1,014
Homeowner costs ⁶ -----	771	828	600	1,066	949	952	756	1,164	895	699	940	777
Housefurnishings-----	170	181	139	176	193	179	172	182	183	172	181	140
Household operations-----	291	318	209	344	326	325	295	342	305	314	327	212
Transportation: Total ⁷ -----	345	344	346	329	401	403	344	229	297	370	363	355
Automobile owners-----	561	581	500	654	595	600	506	621	578	541	535	514
Nonowners of automobiles-----	83	105	17	112	110	108	101	98	110	113	104	15
Clothing ⁸ -----	225	227	216	231	242	236	226	231	223	232	250	225
Personal care-----	121	119	128	111	117	118	106	122	112	116	109	132
Medical care: Total-----	284	288	274	281	285	290	277	283	282	276	277	276
Out-of-pocket Medicare costs ⁹ -----	148	150	145	148	148	151	145	152	147	146	149	146
All other medical care-----	136	138	129	133	137	139	132	131	135	130	128	130
Other family consumption-----	295	307	261	319	311	319	301	325	311	315	316	268
Reading-----	53	52	57	53	53	53	43	53	53	56	61	59
Recreation-----	111	113	106	115	112	121	117	117	110	117	111	108
Tobacco-----	71	70	72	74	72	70	68	80	74	68	70	74
Alcoholic beverages-----	46	57	13	61	58	59	58	58	59	59	59	13
Miscellaneous expenses-----	14	15	13	16	16	16	15	17	15	15	15	14
Cost of family consumption: Total ¹⁰ -----	3,637	3,766	3,252	4,040	3,952	4,091	3,681	4,064	3,765	3,682	3,861	3,603
Renter families-----	3,753	3,887	3,355	4,057	3,993	4,215	3,769	4,032	3,790	3,817	3,805	3,757
Homeowner families-----	3,574	3,701	3,196	4,031	3,930	4,024	3,634	4,082	3,752	3,609	3,892	3,520
Gifts and contributions-----	232	240	208	258	252	261	235	259	240	235	247	230
Cost of budget: Total ¹⁰ -----	3,869	4,006	3,460	4,298	4,204	4,352	3,916	4,323	4,005	3,917	4,108	3,833
Renter families-----	3,985	4,127	3,563	4,315	4,245	4,476	4,004	4,291	4,030	4,052	4,052	3,987
Homeowner families-----	3,806	3,941	3,404	4,289	4,182	4,285	3,869	4,341	3,992	3,844	4,139	3,750

See footnotes at end of table.

Table 1. Annual Costs of the Retired Couple's Budget¹ by Major Components, Urban United States, 39 Metropolitan Areas, and Nonmetropolitan Areas by Regions, Autumn 1966—Continued

Item	North Central														Nonmetropolitan areas ³
	Cedar Rapids, Iowa	Champaign-Urbana, Ill.	Chicago, Ill.—Northwestern Ind.	Cincinnati, Ohio-Ky.—Ind.	Cleveland, Ohio	Dayton, Ohio	Detroit, Mich.	Green Bay, Wis.	Indianapolis, Ind.	Kansas City, Mo.—Kans.	Milwaukee, Wis.	Minneapolis-St. Paul, Minn.	St. Louis, Mo.—Ill.	Wichita, Kans.	
Food.....	\$1,033	\$1,058	\$1,062	\$1,046	\$1,038	\$1,030	\$1,072	\$995	\$1,042	\$1,065	\$1,036	\$1,034	\$1,101	\$1,055	\$1,024
Food at home.....	938	958	967	944	928	942	953	914	950	966	915	937	987	970	941
Food away from home.....	95	100	95	102	110	88	119	81	92	99	121	97	114	85	83
Housing: Total.....	1,384	1,453	1,424	1,226	1,428	1,247	1,221	1,296	1,466	1,242	1,498	1,393	1,314	1,284	1,101
Renter families.....	1,532	1,633	1,637	1,352	1,699	1,474	1,489	1,293	1,589	1,416	1,561	1,533	1,448	1,429	1,232
Homeowner families.....	1,305	1,356	1,309	1,159	1,282	1,124	1,077	1,298	1,400	1,149	1,464	1,317	1,242	1,206	1,040
Shelter: Total ⁴	865	957	920	738	929	776	710	822	963	733	994	899	815	793	748
Rental costs ⁵	1,013	1,137	1,133	864	1,200	1,003	978	819	1,086	907	1,057	1,039	949	938	869
Homeowner costs ⁶	786	860	805	671	783	653	566	824	897	640	960	823	743	715	667
Housefurnishings.....	181	181	177	180	175	177	178	178	185	189	165	167	183	183	141
Household operations.....	338	315	327	308	324	294	333	296	318	320	339	327	316	308	225
Transportation: Total ⁷	370	355	307	369	384	364	385	367	383	391	374	377	393	366	356
Automobile owners.....	546	522	605	541	566	535	569	546	568	577	554	557	580	542	486
Nonowners of automobiles.....	104	105	108	112	111	106	109	98	106	111	104	106	111	103	17
Clothing ⁸	234	231	236	222	234	232	236	245	236	224	234	236	221	223	239
Personal care.....	121	114	120	101	123	104	119	104	119	125	113	117	114	112	133
Medical care: Total.....	280	286	282	269	265	274	278	283	271	285	277	269	277	277	270
Out-of-pocket Medicare costs ⁹	146	148	148	147	148	147	148	145	148	147	147	147	148	148	145
All other medical care.....	134	138	134	122	117	127	130	138	123	138	130	122	129	129	125
Other family consumption.....	299	285	301	302	298	294	307	294	315	302	306	307	283	299	257
Reading.....	46	37	51	56	56	51	56	50	55	47	55	52	47	47	56
Recreation.....	113	113	113	113	113	113	113	109	119	115	114	111	104	115	106
Tobacco.....	71	67	70	62	62	63	69	71	67	73	72	71	69	70	69
Alcoholic beverages.....	54	53	52	57	52	53	55	50	59	53	50	58	48	53	13
Miscellaneous expenses.....	15	15	15	14	15	14	14	14	15	14	15	15	15	14	13
Cost of family consumption: Total ¹⁰	3,721	3,782	3,732	3,535	3,770	3,545	3,618	3,584	3,832	3,634	3,838	3,733	3,703	3,616	3,360
Renter families.....	3,869	3,962	3,945	3,661	4,041	3,772	3,886	3,581	3,955	3,808	3,901	3,873	3,837	3,761	3,491
Homeowner families.....	3,642	3,685	3,617	3,468	3,624	3,422	3,474	3,586	3,766	3,541	3,804	3,657	3,631	3,538	3,289
Gifts and contributions.....	237	241	238	225	240	226	231	228	244	232	245	238	236	231	214
Cost of budget: Total ¹⁰	3,958	4,023	3,970	3,760	4,010	3,771	3,849	3,814	4,076	3,866	4,083	3,971	3,939	3,847	3,574
Renter families.....	4,106	4,203	4,183	3,886	4,281	3,998	4,117	3,811	4,199	4,040	4,146	4,111	4,073	3,992	3,705
Homeowner families.....	3,879	3,926	3,855	3,693	3,864	3,648	3,705	3,816	4,010	3,773	4,049	3,895	3,867	3,769	3,503

See footnotes at end of table.

Table 1. Annual Costs of the Retired Couple's Budget¹ by Major Components, Urban United States, 39 Metropolitan Areas, and Nonmetropolitan Areas by Regions, Autumn 1966—Continued

Item	South										
	Atlanta, Ga.	Austin, Tex.	Baltimore, Md.	Baton Rouge, La.	Dallas, Tex.	Durham, N. C.	Houston, Tex.	Nashville, Tenn.	Orlando, Fla.	Washington, D. C.—Md.—Va.	Nonmetropolitan areas ³
Food.....	\$ 1,017	\$ 990	\$ 1,002	\$ 1,016	\$ 1,008	\$ 978	\$ 1,018	\$ 979	\$ 982	\$ 1,061	\$ 988
Food at home.....	913	902	906	916	903	896	908	893	894	965	898
Food away from home.....	104	88	96	100	105	82	110	86	88	96	90
Housing: Total.....	1,046	1,095	1,333	968	1,123	1,173	1,092	1,227	1,228	1,423	864
Renter families.....	1,260	1,330	1,489	1,132	1,276	1,297	1,224	1,356	1,526	1,601	934
Homeowner families.....	931	968	1,250	879	1,041	1,107	1,021	1,157	1,068	1,327	826
Shelter: Total ⁴	568	633	821	540	665	724	622	750	760	897	530
Rental costs ⁵	782	868	977	704	818	848	754	879	1,058	1,075	600
Homeowner costs ⁶	453	506	738	451	583	658	551	680	600	801	492
Housefurnishings.....	181	168	186	179	169	177	177	176	181	174	136
Household operations.....	297	294	326	249	289	272	293	301	287	352	198
Transportation: Total ⁷	368	363	382	401	372	359	391	371	368	385	347
Automobile owners.....	539	539	566	598	551	533	580	549	544	570	503
Nonowners of automobiles.....	113	99	103	106	104	99	107	105	104	106	16
Clothing ⁸	212	194	219	203	209	217	200	222	208	223	199
Personal care.....	126	105	123	117	116	111	118	111	106	135	120
Medical care: Total.....	284	284	285	275	290	278	293	280	281	283	273
Out-of-pocket Medicare costs ⁹	148	148	148	148	148	148	148	147	149	149	145
All other medical care.....	136	136	137	127	142	130	145	133	132	134	128
Other family consumption.....	313	291	297	297	303	276	299	308	294	291	260
Reading.....	51	44	51	50	46	47	49	48	48	51	55
Recreation.....	106	111	107	109	111	108	107	108	106	114	105
Tobacco.....	73	74	68	72	77	52	78	73	69	61	74
Alcoholic beverages.....	70	49	56	53	55	55	51	65	57	50	14
Miscellaneous expenses.....	13	13	15	13	14	14	14	14	14	15	12
Cost of family consumption: Total ¹⁰	3,366	3,322	3,641	3,277	3,421	3,392	3,411	3,498	3,467	3,801	3,051
Renter families.....	3,580	3,557	3,797	3,441	3,574	3,516	3,543	3,627	3,765	3,979	3,121
Homeowner families.....	3,251	3,195	3,558	3,188	3,339	3,326	3,340	3,428	3,307	3,705	3,013
Gifts and contributions.....	215	212	232	209	218	216	217	223	221	243	195
Cost of budget: Total ¹⁰	3,581	3,534	3,873	3,486	3,639	3,608	3,628	3,721	3,688	4,044	3,246
Renter families.....	3,795	3,769	4,029	3,650	3,792	3,732	3,760	3,850	3,986	4,222	3,316
Homeowner families.....	3,466	3,407	3,790	3,397	3,557	3,542	3,557	3,651	3,528	3,948	3,208

See footnotes at end of table.

Table 1. Annual Costs of the Retired Couple's Budget¹ by Major Components, Urban United States, 39 Metropolitan Areas, and Nonmetropolitan Areas by Regions, Autumn 1966—Continued

Item	West							
	Bakersfield, Calif.	Denver, Colo.	Honolulu, Hawaii	Los Angeles-Long Beach, Calif.	San Diego, Calif.	San Francisco-Oakland, Calif.	Seattle-Everett, Wash.	Nonmetropolitan areas ³
Food-----	\$1,024	\$1,057	\$1,286	\$1,037	\$1,006	\$1,086	\$1,133	\$1,050
Food at home-----	930	953	1,175	920	888	965	1,008	956
Food away from home-----	94	104	111	117	118	121	125	94
Housing: Total-----	1,215	1,313	1,502	1,337	1,273	1,420	1,482	1,137
Renter families-----	1,346	1,406	1,993	1,582	1,428	1,651	1,680	1,255
Homeowner families-----	1,144	1,263	1,238	1,205	1,190	1,296	1,375	1,073
Shelter: Total ⁴ -----	735	809	935	843	795	905	926	767
Rental costs ⁵ -----	866	902	1,426	1,088	950	1,136	1,124	885
Homeowner costs ⁶ -----	664	759	671	711	712	781	819	703
Housefurnishings-----	198	180	203	194	195	197	188	147
Household operations-----	282	324	364	300	283	318	368	223
Transportation: Total ⁷ -----	389	374	427	399	387	415	404	356
Automobile owners-----	577	553	640	596	571	623	601	512
Nonowners of automobiles-----	108	107	107	104	112	102	109	25
Clothing ⁸ -----	218	233	214	224	214	233	236	224
Personal care-----	117	122	122	128	117	143	129	144
Medical care: Total-----	314	284	287	331	320	318	303	286
Out-of-pocket Medicare costs ⁹ -----	149	148	149	152	150	151	149	146
All other medical care-----	165	136	138	179	170	167	154	140
Other family consumption-----	282	290	330	296	293	306	318	269
Reading-----	42	45	51	52	53	53	49	65
Recreation-----	112	112	123	116	113	120	112	108
Tobacco-----	58	65	76	57	57	61	82	70
Alcoholic beverages-----	56	53	63	56	56	56	59	12
Miscellaneous expenses-----	14	15	17	15	14	16	16	14
Cost of family consumption: Total ¹⁰ -----	3,559	3,673	4,168	3,752	3,610	3,921	4,005	3,466
Renter families-----	3,690	3,766	4,659	3,997	3,765	4,152	4,203	3,584
Homeowner families-----	3,488	3,623	3,904	3,620	3,527	3,797	3,898	3,402
Gifts and contributions-----	227	234	266	239	230	250	255	221
Cost of budget: Total ¹⁰ -----	3,786	3,907	4,434	3,991	3,840	4,171	4,260	3,687
Renter families-----	3,917	4,000	4,925	4,236	3,995	4,402	4,458	3,805
Homeowner families-----	3,715	3,857	4,170	3,859	3,757	4,047	4,153	3,623

¹ The family consists of a retired husband and wife, age 65 or over.

² For a detailed description, see the 1967 edition of *Standard Metropolitan Statistical Areas*, prepared by the Bureau of the Budget.

³ Places with population of 2,500 to 50,000.

⁴ The average costs of shelter were weighted by the following proportions: 35 percent for families living in rented dwellings, 65 percent for families living in owned homes.

⁵ Average contract rent plus the cost of required amounts of heating fuel, gas, electricity, water, specified equipment, and insurance on household contents.

⁶ Taxes, insurance on house and contents, water, refuse disposal, heating fuel, gas, electricity, specified equipment and home repair and maintenance costs.

⁷ The average costs of automobile owners and nonowners were weighted by the following proportions of families: New York, 25 percent for automobile owners, 75 percent for nonowners; Boston, Philadelphia and Chicago, 40 percent for owners, 60 percent for nonowners; all other metropolitan areas, 60 percent for owners, 40 percent for nonowners; and all nonmetropolitan areas, 68 percent for owners, and 32 percent for nonowners.

⁸ Includes costs for husband and wife plus allowance for clothing materials and services. Total subject to revision. Separate estimates for husband and wife will be available at a later date.

⁹ Annual medical insurance premium plus estimated average cost of deductible and coinsurance features.

¹⁰ The total represents the weighted average costs of renter families (35 percent) and owner families (65 percent).

NOTE: See appendix A for items and quantities included in each component, and appendix B for the population weights for each city. Because of rounding, sums of individual items may not equal totals.

Table 2. Indexes of Comparative Living Costs Based on the Retired Couple's Budget,¹ Autumn 1966

Area	Budget costs			Cost of family consumption (U. S. Urban Average Cost = 100)									
	Total ²	Renter families	Homeowner families	Total ²	Food	Housing (shelter, housefurnishings, household operations)				Transportation ⁶	Clothing and personal care	Medical care	Other family consumption
						Total	Renter and owner combined ³	Rental costs ⁴	Homeowner costs ⁵				
Urban United States	100	100	100	100	100	100	100	100	100	100	100	100	100
Metropolitan areas ⁷	104	104	104	104	102	107	107	107	107	100	100	101	104
Nonmetropolitan areas ⁸	89	89	89	89	95	78	79	80	78	100	99	96	88
Northeast:													
Boston, Mass	111	108	113	111	110	123	129	115	138	95	99	99	108
Buffalo, N. Y.	109	107	110	109	103	115	116	107	123	116	104	100	105
Hartford, Conn	112	112	113	112	112	118	122	120	123	117	102	102	108
Lancaster, Pa	101	100	102	101	108	98	96	94	98	100	96	98	102
New York-Northeastern New Jersey	112	108	114	112	112	129	137	117	151	66	102	100	110
Philadelphia, Pa.-N. J.	104	101	105	104	107	108	109	98	116	86	97	99	105
Pittsburgh, Pa	101	102	101	101	104	97	93	95	91	107	101	97	107
Portland, Maine	106	102	109	106	105	109	109	90	122	105	104	98	107
Nonmetropolitan areas ⁸	99	100	99	99	106	94	103	107	101	103	103	97	91
North Central:													
Cedar Rapids, Iowa	102	103	102	102	96	107	104	107	102	107	103	99	101
Champaign-Urbana, Ill	104	105	103	104	99	112	115	120	112	103	100	101	97
Chicago, Ill.-Northwestern Indiana	103	105	101	103	99	110	110	119	104	89	103	99	102
Cincinnati, Ohio-Ky.-Ind	97	98	97	97	98	95	88	91	87	107	93	95	102
Cleveland, Ohio	104	107	102	104	97	110	111	126	102	111	103	93	101
Dayton, Ohio	97	100	96	97	96	96	93	106	85	106	97	96	100
Detroit, Mich	99	103	97	99	100	94	85	103	73	112	103	98	104
Green Bay, Wis	99	96	100	99	93	100	99	86	107	106	101	100	100
Indianapolis, Ind	105	105	105	105	97	113	115	114	116	111	103	95	107
Kansas City, Mo.-Kans	100	101	99	100	99	96	88	95	83	113	101	100	102
Milwaukee, Wis	106	104	106	106	97	116	119	111	125	108	100	98	104
Minneapolis-St. Paul, Minn	103	103	102	103	96	108	108	109	107	109	102	95	104
St. Louis, Mo.-Ill	102	102	102	102	103	101	98	100	96	114	97	98	96
Wichita, Kans	99	100	99	99	98	99	95	99	93	106	97	98	101
Nonmetropolitan areas ⁸	92	93	92	92	96	85	88	91	87	97	108	95	87
South:													
Atlanta, Ga	93	95	91	93	95	81	68	82	59	107	98	100	106
Austin, Tex	91	95	90	91	92	85	76	91	66	105	86	100	99
Baltimore, Md	100	101	100	100	93	103	98	103	96	111	99	100	101
Baton Rouge, La	90	92	89	90	95	75	65	74	58	116	92	97	101
Dallas, Tex	94	95	93	94	94	87	80	86	76	108	94	102	103
Durham, N. C	93	94	93	93	91	91	87	89	85	104	95	98	94
Houston, Tex	94	94	93	94	95	84	75	79	71	113	92	103	101
Nashville, Tenn	96	97	96	96	91	95	90	93	88	108	96	99	104
Orlando, Fla	95	100	93	95	92	95	91	111	78	107	91	99	100
Washington, D. C.-Md.-Va	105	106	104	105	99	110	108	113	104	112	103	100	99
Nonmetropolitan areas ⁸	84	83	84	84	92	67	64	63	64	101	92	96	88
West:													
Bakersfield, Calif	98	98	98	98	96	94	88	91	86	113	97	111	96
Denver, Colo	101	100	101	101	99	101	97	95	98	108	103	100	98
Honolulu, Hawaii	115	124	110	115	120	116	112	150	87	124	97	101	112
Los Angeles-Long Beach, Calif	103	106	101	103	97	103	101	115	92	116	102	117	100
San Diego, Calif	99	100	99	99	94	98	95	100	92	112	96	113	99
San Francisco-Oakland, Calif	108	110	106	108	101	110	109	120	101	120	109	112	104
Seattle-Everett, Wash	110	112	109	110	106	114	111	118	106	117	105	107	108
Nonmetropolitan areas ⁸	95	95	95	95	98	88	92	93	91	103	106	101	91

¹ The family consists of a retired husband and wife, age 65 and over.

² The total represents the weighted average costs of renter families (35 percent) and owner families (65 percent).

³ The average costs of shelter were weighted by the following proportions: 35 percent for families living in rented dwellings, 65 percent for families living in owned homes.

⁴ Average contract rent plus the cost of required amounts of heating fuel, gas, electricity, water, specified equipment, and insurance on household contents.

⁵ Taxes, insurance on house and contents, water, refuse disposal, heating fuel, gas, electricity, and specified equipment, home repair and maintenance costs.

⁶ The average costs of automobile owners and nonowners were weighted by the following proportions of families: New York, 25 percent for automobile owners, 75 percent for nonowners; Boston, Philadelphia, and Chicago, 40 percent for owners, 60 percent for nonowners; all other metropolitan areas, 60 percent for automobile owners, 40 percent for nonowners; and all nonmetropolitan areas, 68 percent for owners, and 32 percent for nonowners.

⁷ For a detailed description, see the 1967 edition of the Standard Metropolitan Statistical Areas, prepared by the Bureau of the Budget.

⁸ Places with population of 2,500 to 50,000.

NOTE: See appendix A for items and quantities included in each component, and appendix B for the population weights for each city.

cisco, and Honolulu. Costs below average by more than 5 percent were found in 6 of the 10 metropolitan areas in the South, in addition to the smaller Southern and North Central cities. In more than half (26) of the 43 areas, costs were within approximately \$200 (5 percent) of the average. These areas included the three Pennsylvania cities (Philadelphia, Pittsburgh, and Lancaster); all of the cities in the North Central Region except Milwaukee; four of the Southern cities (Washington, D.C., Baltimore, Nashville, and Orlando); and Denver, Bakersfield, and Los Angeles in the West. Costs in the smaller cities in the Northeast and West were also within this range.

Wide variations in the combined costs for food, shelter, and transportation are primarily responsible for the range in costs of the total budget. Indexes based on these three components differ from total budget cost indexes by 3 index points or less in 38 of the 43 areas. In three areas in the Northeast, however (Hartford, Boston, and the nonmetropolitan areas), indexes based on food, shelter, and transportation alone are higher by 4 or 5 points, compared to indexes based on total budget costs. On the other hand, costs of these three components understate the relative position of Houston and Atlanta, as costs for other components raise their rank by 4 and 6 percentage points respectively.

Food 4/

The U.S. urban average annual cost of food for the retired couple was \$1,072. Total annual food costs were highest in the New York area and Hartford, Connecticut, where they averaged about \$1,200. In Durham, North Carolina and Nashville, Tennessee these costs were roughly \$980. The \$220 difference reflects not only variation in prices, but also the regional preference patterns, used for cities within each region to calculate the cost of the nutritional standard for food at home. A special analysis of the food budget data will be made later, to determine what part of these costs differentials was due to price, and what part to regional preference patterns.

4/ See p. 17 for a detailed description of sources and methods used to derive budget quantities for food.

When the average U.S. cost of food at home (\$964) equaled 100, there was a range of 19 percentage points between Hartford, the highest cost area in continental United States, and San Diego, the lowest cost area. Budget costs for food at home, using nutritionally comparable food plans, were roughly \$100 higher, on the average, in cities in the Northeast than in the North Central and Western regions. Costs in the last two regions were about \$45 above the Southern costs. Differences in food-at-home costs within each region, which reflected price differences only, were nonetheless relatively large. In the Northeast they ranged from \$996 in Buffalo to \$1,067 in Hartford. The annual cost of food at home in Washington, D.C., where the U.S. preference pattern was used, was \$965.

In contrast, costs for food away from home had a 64-percentage-point range between the New York area, with the highest costs, and Green Bay, Wisconsin, with the lowest costs. Average costs were lowest in the South and North Central regions, and highest in the Northeast. Costs for food away from home were above the U.S. average cost in the majority of both Northeastern and Western cities, and below the U.S. figure in the majority of North Central and Southern cities.

Housing 5/

Shelter costs for owners (65 percent) and renters (35 percent) combined, averaged \$834 for urban United States, but varied from \$1,146 in New York to \$530 in the smaller cities in the South. Compared with the U.S. urban average (\$950) equal to 100, shelter costs for renter families were 150 in Honolulu and 63 in the smaller Southern cities. The range in homeowner shelter costs was slightly wider, from 151 in New York to 58 in Baton Rouge.

The U.S. urban average outlay for maintaining a 5- or 6-room, mortgage-free owned home amounted to \$771, or almost 20 percent less than the average costs (\$950) for a 2- or 3-room rental unit.

5/ For a detailed description, see p. 18.

Shelter costs for homeowner families include insurance, taxes, repair and replacement expenses, fuel, and utilities. In metropolitan areas in all parts of the country except the Northeast, these costs were about 25 percent below rental housing costs (including fuel, utilities, and insurance where these are not part of the contract rent). In the Northeast, however, owner costs were only 4 percent below renter costs, primarily as a result of relatively high fuel costs and property taxes. Shelter costs were higher for homeowner than for renter families in only three areas--Green Bay, Wis., the New York area, and Portland, Maine. In the smaller cities, owner costs averaged 20 percent below renter costs, with the ratio slightly wider in the Northeast and narrower in the South.

In addition to shelter, the budget allowance for the housing component covers household operation costs, and an amount for replacement of housefurnishings, assuming the family had average inventories of these items at the beginning of the year. Operation costs varied by \$170, with Seattle on the high and smaller cities in the South on the low end of the distribution. The range in housefurnishings costs was only about a third as great, with a high of \$203 in Honolulu and a low of \$136 in the smaller Southern cities.

Transportation 6/

The pattern of automobile ownership specified for the budget reflects the greater availability of public transportation in some areas than in others. Thus in the New York area, only 25 percent of the retired couples were assumed to own automobiles. In Boston, Chicago, and Philadelphia, the comparable proportion was 40 percent; in all other metropolitan areas, 60 percent; and in nonmetropolitan areas, 68 percent. This variation in the weighting pattern, together with differences in prices, affects the intercity differentials for total transportation costs, making New York the lowest and Honolulu the highest cost city.

For automobiles owners alone, however, costs were about the same in New York and San Fran-

cisco and were exceeded only by costs in Boston and Honolulu which averaged \$654 and \$640 respectively. Boston's costs were 17 percent and Honolulu's 14 percent above the U.S. urban average of \$561. At the other end of the scale, costs in smaller cities in the North Central region were 13 percent below the U.S. average. In addition to price differences, this comparison reflects the fact that retired couples in smaller cities drive a lower average number of miles than in metropolitan areas.

For families who did not own automobiles, costs of public transportation (transit and taxi fares) were highest in Atlanta and lowest in Green Bay, Wis., among the metropolitan areas, but the range in cost amounted to only \$15. Costs were substantially lower in the nonmetropolitan areas, however, where utilization rates were affected by the lack of public transportation.

Medical Care 7/

The medical care budget includes the couple's out-of-pocket expenses for hospital and medical care covered by Medicare, including the premium cost for medical insurance. It also includes the costs of other medical services and supplies not covered by Medicare. Total medical care costs were highest in the four California cities, and lowest in Cleveland and Cincinnati. Compared with the U.S. urban average cost (\$284) equal to 100, costs were 117 in Los Angeles, and averaged downward by 24 percentage points to 93 in Cleveland.

Out-of-pocket costs under Medicare comprised 52 percent of the total medical care component at the U.S. urban level. With the U.S. urban average cost of \$148 for all Medicare expenses equaling 100, there was a range of only 5 percentage points between the highest costs under Medicare in Los Angeles, and the lowest costs in small Southern cities. The largest part of these costs was the same in all cities, and was made up of the \$72 premium for medical insurance, plus an estimated average charge of approximately \$18 per couple for hospital services. Only the costs paid by the

6/ For a detailed description, see p. 19.

7/ For a detailed description, see p. 19.

enrollee under the medical insurance program varied from city to city, reflecting differences in the costs of physician visits.

Budget costs for medical and dental services not covered by Medicare are in sharp contrast to the Medicare picture. There was a range of 45 percentage points between the high-and low-cost areas--Los Angeles and Cleveland respectively. Because the same standards were used in all cities, the intercity differences in these costs are due solely to price differences.

Clothing and Personal Care 8/

Clothing and personal care costs reflect both differentials in prices of commodities and services and variations in the kinds and quantities of clothing required by climate.

As might be expected, they were generally lowest in the South. However, within the region costs differed by 17 percentage points (almost \$60), with Washington, D.C. the highest and Austin, Tex. the lowest cost city. The combined cost of clothing and personal care was highest in San Francisco, Seattle, and nonmetropolitan areas of the North Central and West, where higher prices together with larger allowances for personal care services in the smaller cities had a greater impact on costs than did the influence of climate on clothing quantities. The spread in costs among most cities was not great, however, since 33 of the 43 areas fall within 5 percent of the U.S. average cost, and 26 areas within 3 percent of the same average.

For other family consumption, the intercity cost differentials were wider than in clothing and personal care, but no regional pattern was apparent.

8/ For a detailed description, see p. 20.

Honolulu and New York had the highest costs, and the nonmetropolitan areas in the four regions had the lowest costs. Of the 43 areas, 29 were within 5 percent of the U.S. average cost.

Stable Differentials

Comparative cost indexes for 1950, 1959, and 1966 indicate considerable stability of intercity differentials. Among the 18 large cities included in all three studies, the city indexes varied by 12 percentage points in 1950, 23 points in 1959, and 19 points in 1966. Among all 34 large cities covered in 1950, the range was 16 percentage points; for the 20 large cities covered in 1959, 23 points; and for the 39 metropolitan areas and four regional groupings of nonmetropolitan areas covered in 1966, the range was 31 points. Inclusion of smaller areas and homeowner costs in 1966 contributed to the wider cost variation among cities, but not as much as might have been expected.

The 18 metropolitan areas covered in both the 1959 and the 1966 budgets were arrayed by total budget costs in 1959. Four of the six areas in the upper third of the distribution in 1959 remained in that bracket in 1966 (Boston, Seattle, Cleveland, and San Francisco). Chicago and Minneapolis fell to the middle third in 1966. Among the middle third in 1959, three were in the same group in 1966 (Los Angeles, Pittsburgh, and St. Louis); New York and Washington moved into the top third; and Detroit dropped to the lowest group. Of the six cities ranking lowest in 1959, Philadelphia moved into the middle bracket, but the other five (Kansas City, Cincinnati, Baltimore, Atlanta and Houston) remained in the lower third of the distribution. In sum, 12 of the 18 areas remained in the same third of the budget cost distribution in 1959 and 1966.

A Moderate Standard: Present and Past

Defining the Standard

"Standards of living" refer to the goals we set for ourselves as consumers of goods and services and as users of leisure time and to our norms for conditions of living. "Levels of living" refer to the actual living conditions of families. "Manner of living" is the way or style of life (city or country, homeowner or renter, etc.)--in other words, how goods and services are consumed.

In a standard budget, the "goals of consumers" are translated into a list of goods and services which describe a specific standard that can be priced. To provide meaningful estimates of its costs, the budget standard must be related to a specific size and type of family, and specific assumptions must be made with respect to the family's manner of living. If these assumptions are reasonable and factually based, and if the list of goods and services has been determined by objective methods, then the standard budget provides an independently derived cost estimate for measuring income adequacy and evaluating the actual levels of living of families as revealed by consumer expenditure surveys and other consumption data.

The 1966 budget continues to represent, as did the original and interim budgets, a moderate standard of living for an urban retired couple, consisting of a husband and wife, age 65 or over. The concept of this standard was described in the original budget by the Social Security Administration as follows:

"[The budget is] intended to include those goods and services that are necessary for a healthful, self-respecting mode of living that allows normal participation in the life of the community in accordance with current American standards. Social and conventional, as well as physiological, needs are taken into account. This level is definitely above the subsistence level in that it provides for more than physical needs or what would be necessary to carry families through a limited period of stringency. On the other hand, it is not

a luxury budget and it does not represent an American 'ideal' way of living." ^{9/}

As noted in the Introduction, three kinds of data were used to arrive at the component parts of the budget: (1) Scientific or technical judgments concerning the requirements for physical health and social well-being; (2) provisions of the Medicare program; and (3) analytical studies of the data reported in the Bureau's surveys of consumer expenditures, to determine by objective procedures the choices of goods and services made by consumers in successive income groups. Since budgetary requirements vary with climate and other local conditions, the quantities and types of goods and services required to provide the moderate standard were adjusted to describe an equivalent standard of living from place to place. A description of these procedures is included in the last section of this bulletin.

The standard for the retired couple is equivalent to the standard for the younger, 4-person family described in the City Worker's Family Budget. In defining the modest standard for that budget, the Technical Advisory Committee recognized that "such a budget is not an absolute and unchanging thing. The prevailing judgment of the necessary will vary with the changing values of the community, with the advance of scientific knowledge of human needs, with the productive power of the community, and therefore with what people commonly enjoy and see others enjoy." The same observation is relevant to the budget for a retired couple. ^{10/}

Comparison with Earlier Budgets

The original budget for an elderly couple, developed by the Social Security Administration, was defined as "modest but adequate" in terms of standards prevailing in the years immediately

^{9/} Technical Reference 11, p.36, appendix C.

^{10/} Technical Reference 10, p.36, appendix C.

preceding and following World War II. For goods and services other than food and shelter, the quantities and pricing lists were derived primarily from analyses of expenditures studies made in 1934-36 and 1941. The nutritional standard for food was based on the January 1946 low-cost food plan developed by the U.S. Department of Agriculture (USDA), but the selection of foods to meet these standards was made from the 1935-36 Study of Consumer Purchases. Specifications for healthful housing, formulated by the American Public Health Association in the mid-1940's, were used as guides in defining the shelter standard, which was limited to rental housing. There was no provision for automobile ownership. This budget was priced in 13 large cities in March 1946, June 1947, and March 1949, and in 34 cities in autumn 1950. Pricing was discontinued, because the modest standard of the 1940's was no longer appropriate for measuring budget costs in the 1950's.

The modest standard of the interim budget for food, shelter, and medical care components was based on standards and purchasing practices of the mid-1950's. For other goods and services, the budget quantities and pricing lists were derived primarily from the Bureau's Survey of Consumer Expenditures in 1950. Food costs in this budget were based on an average of the USDA low- and moderate- cost plans to conform to the definition of a modest food standard adopted for both the original and interim budgets for the younger, 4-person family. As a result, however, the interim food budget for the retired couple represented a relatively higher point on the scale of consumption than did the original budget for this family type. Similarly, although the shelter component of the interim budget remained limited to rental housing, some provision was made for automobile ownership. Conceptually, this budget should have included the cost of maintaining a mortgage-free owned home, since then--as now--about two-thirds of retired couples were homeowners, and approximately 4 out of 5 of the homes were free of mortgage debt. Resources were not available, however, to estimate homeownership costs. The interim budget was priced only in autumn 1959, in 20 large cities.

The current budget is based on the standards of the 1960's. The nutritional standard for food

was based on the USDA moderate plan alone. The shelter standard reflects costs for both renter and homeowner families, and the provision for automobile ownership is consistent with this housing pattern. The pricing date is autumn 1966.

The differences among these three studies in the content of the moderate standard resulted from modification of the concept and methodological problems, as well as from real changes in the goals of consumers. Hence a comparison of the three budgets provides only a crude approximation of change in the living standard over the past two decades. The following comparison is limited to average costs in the 18 metropolitan areas included in all three studies and to costs for renter families only.

Changes in Total Costs

In the 18 cities priced in all three studies, the total cost of a moderate standard of living for a retired couple living in rental housing averaged about \$1,790 in 1950. In 1959 the cost of the interim budget for the same 18 cities was \$3,061, or 71 percent higher than in 1950. The cost of the current moderate standard in the same cities in 1966 averaged \$4,126 for renter families. This level was 35 percent higher than in 1959 and 130 percent higher than in 1950. Gifts and contributions constituted 3 percent of total budget costs in 1950, 4.5 percent in 1959, and 6 percent in 1966.

A precise measure of the change attributable to revision in the standard or manner of living, as distinguished from that caused by increased prices, is almost impossible to achieve, because many of the commodities and services constituting the standard for an earlier period cannot be priced in current markets. However, the Consumer Price Index can be used to provide a very rough approximation of the effects of price change. The procedure followed was to update the costs of the earlier standards to 1966 by changes in the Consumer Price Index at the subgroup level for each of the 18 cities. Then, the differences between the costs of the 1966 standard in these cities and the updated

estimates of the 1951 and 1959 standards were deflated by the change in the CPI over the appropriate period to adjust for the higher price levels prevailing at the later date. The residual differences in costs between the new and the previous budgets in these 18 cities can be attributed to the upgrading of the standard. The average difference has been used hereafter in this report as a reasonable approximation of the change in the moderate standard for all urban U.S. retired couples.

The total increase of 35 percent in budget costs for renter families, from 1959 to 1966, can be identified as resulting from about a 15 percent rise in prices, leaving 20 percent to represent the upgrading of the standard. Compared with 1950, the new standard reflects a 60-percent rise in prices, plus changes in the standard amounting to 70 percent. Hence, over this 16-year period, the rise in the moderate standard (after adjustment for price changes) averages about 4.4 percent a year.

Over approximately the same period, 1950 to 1966, the increase in real after-tax income (also adjusted for price change) has been estimated at about 65 percent for families of the budget type, or approximately 4.1 percent a year. Average after-tax income for retired couples with head age 65 years or older, residing in urban areas, was \$1,814 in 1950, and \$3,534 in 1960-61, based on the BLS Surveys of Consumer Expenditures for these dates. ^{11/} Current Population Surveys by the Bureau of the Census for 1960-61 and 1966 indicate an increase of about 14 percent in mean incomes

^{11/} Median after-tax incomes--which are less affected by the extremes--were \$1,657 and \$2,825 for 1950 and 1960-61, as reported in the BLS surveys. The 1963 Social Security Survey of the Aged reported an average before-tax income in 1962 of \$3,563 for retired couples who were receiving Social Security benefits, and a median income of \$2,710. Beneficiary couples who did not work in 1962 had a median income of \$2,410. See U.S. Department of Health, Education, and Welfare, Social Security Administration, The Aged Population of the United States, Research Report No. 19, 1967, pp. 238, 289, 291.

of all U.S. families of two persons or more, with the head 65 years of age or older. Applying this trend to the 1960-61 reported average results in an estimated income of \$4,046 in 1966 for budget-type families. Thus, although the increase in the standard since 1950 has exceeded the improvement in real income, the level of the new budget is slightly below the current (1966) average money income of retired couples.

Upgrading the Food Standard

One of the major sources of upgrading in the 1966 standard was in the food component. The cost of the standard for food at home in the 1966 budget reflects a change in the specific Department of Agriculture (USDA) food plan selected to meet the nutritional standard, as well as changes in food preference patterns (variations in the choices of foods which provide the nutritional standard) which have occurred in the last decade.

The original (1950) budget costs were based on the USDA low-cost plan. In 1959 an average of the low- and moderate-cost plans was used, while the 1966 budget utilized only the moderate-cost plan. Although families can achieve nutritional adequacy from the low-cost food plan, it has been estimated that only about a fourth of those who spend amounts equivalent to the cost of this plan actually have nutritionally adequate diets. ^{12/} The foods included in this plan deviate considerably from family food patterns and require a considerable amount of home preparation and skill in cooking. Furthermore, the low-cost plan has been used widely as a basis for estimating minimum food cost requirements for public assistance programs. For these reasons it was decided that the moderate-cost plan was more appropriate for use in determining the cost of a moderate living standard.

Based on 1965 preference patterns and 1966 prices, the cost of the moderate plan for food at

^{12/} Based on nonfarm households using foods, valued at the cost of the plan, that provided recommended amounts of eight nutrients, as reported in the 1955 USDA Household Food Consumption Survey.

home for the retired couple is about 12 percent higher than an average of the low and moderate plans, and 26 percent above the low-cost plan alone. Since food at home represents 25 percent of the total cost of the 1966 budget, the use of the moderate plan--instead of an average of the low and moderate--accounts for about 3 of the 21-percent increase in the overall standard between 1959 and 1966. Similarly, use of the moderate- rather than the low-cost plan accounts for 6.5 of the 70-percent increase in the overall standard since 1950.

Food-at-home costs in the original budget were based on 1935-36 U.S. preference patterns. The 1959 interim budget standard used 1955 regional preferences, and the 1966 budget reflects 1965 regional patterns. Among the 18 cities common to the interim and current budget studies, the change in preference patterns over the decade has resulted in relatively lower costs for food at home than would have obtained if the 1955 preference patterns had been continued in the new budget. However, the impact of the change was not the same in all cities. In Detroit, San Francisco, and Pittsburgh, for example, autumn 1966 moderate-plan food costs based on the 1965 preference patterns were 10 to 11 percent lower than autumn 1966 moderate-plan costs of the 1955 preference patterns in these cities. In Atlanta and Houston, however, they were only 3 and 5 percent lower, respectively.

Between 1955 and 1965, regional differences in food patterns lessened, and food buying habits in the South moved closer to the patterns in other parts of the country. As a result, the range in food costs among the 18 cities was reduced from 23 percentage points in the 1959 study to 16 points in the 1966 budget.

The new food standard also reflects an increase in the number of meals bought and eaten away from home by couples of this type. The 1966 allowance for metropolitan areas provides 46 restaurant meals, compared with 15 in the 1959 budget. The number of meals provided for guests at home (95) remained the same as in 1959.

Total food costs comprise 29 percent of the total cost of family consumption in the current budget,

while in the 1960-61 Survey of Consumer Expenditures food accounted for only 26 percent of comparable consumption expenditures. Generally, as income increases, expenditures for food decrease in relation to spending for other living expenses. Hence, the lower average ratio for food expenditures is evidence that the level of living actually achieved by the average retired couple is higher than that described by the moderate standard budget.

Effect of Changes in Shelter 13/

In the housing component of the new standard, rental costs were based on a narrower range of dwelling unit quality (i.e., the average of the middle third of the distribution of autumn 1966 contract rents for units that met the budget criteria of adequacy) than was used for the 1959 budget, in which costs were based on average rents for all units meeting the adequacy criteria. As a result of this procedural change, in two cities, Kansas City and St. Louis, the published costs for rental housing were lower in 1966 than the estimates published in 1959, even though fuel and utility costs over this period increased for the tenants who pay for them separately.

The narrower quality range used for the 1966 budget provides a more precise basis for measuring the cost of the moderate standard, but the 1966 estimates do understate somewhat the change in rental housing costs in comparison with 1959. This has relatively little effect on the overall cost level of the new budget, however, since only 35 percent of the retired couples were assumed to live in rental housing. The more significant change in the new standard is the previously discussed inclusion of homeowner costs for two-thirds of the families.

Increase in Auto Ownership 14/

Accompanying the change in the housing pattern is a revision in the proportions of families for

13/ For a detailed description, see p. 18.

14/ For a detailed description, see p. 19.

whom ownership of an automobile is specified. In the 1959 budget, New York, Philadelphia, and Boston were classified as low (14 percent) ownership cities. In the new budget, auto ownership was specified for 25 percent of the families in New York and 40 percent of those in the other two areas. For other localities in the 1959 budget, 22 percent of the families were assumed to own cars. This was raised in the new budget to 40 percent of the families in Chicago and 60 percent of those in other metropolitan areas. Provision for occasional use of public transit systems declined sharply, but use of taxicabs increased slightly in the new standard, in comparison with the earlier one. These revisions were based on average patterns of ownership and use of public transportation by retired couples as reported in the 1960-61 Survey of Consumer Expenditures.

For the nonmetropolitan areas not previously included in the budget, automobile ownership was specified for 68 percent of the families. In many of the smaller cities public transportation is not readily available, and this is reflected in the quantities of transit and taxi rides provided for non-owners of automobiles in these places. Clearly, some retired couples must depend on walking, or on their auto-owning friends and relatives to satisfy some of their transportation needs. It is inevitable, however, that "equivalence" in living standards is conditioned by genuine differences in living patterns and the availability of goods and services in particular areas.

Effect of Medicare 15/

The advent of Medicare in 1966--providing federally supported hospital and medical insurance for persons 65 years of age and over--considerably changed the budget medical care standard from what it was in 1959. The interim budget assumed that only 45 percent of retired couples were covered by private hospital insurance plans, and made no allowance for any other medical insurance. For the 1966 budget it was assumed that all retired couples were covered by Medicare hospital and medical insurance.

For the 18 cities common to the interim and current budget studies, the average 1959 cost of those medical services which are now under Medicare--physician and surgeon fees, hospital insurance, and some small miscellaneous expenses--was \$231. Under Medicare, which has more liberal benefits than were provided by the 1959 private insurance, including posthospital extended care, home health benefits, and other services and supplies, the 1966 average budget cost in the 18 cities was \$149, a drop of 49 percent from the estimated 1966 costs (\$290) of the 1959 insurance--this in spite of rising medical prices. In other words, this part of the medical standard was upgraded at a substantially lower cost to the budget couples.

Other services and supplies in the 1966 medical care budget, which were not covered by Medicare, reflect further improvement in the medical standard. There were higher allowances in dental care for fillings, cleaning, and dentures; and the number of prescriptions more than doubled.

Other Changes

For all of the components derived by the quantity- or expenditure-income elasticity technique, 16/ the new budget allowances reflect changes in living standards which accompany changes in real income. The demand for services rose sharply. In personal care, provision for all types of beauty shop services for women was higher. Simultaneously, the allowances for all personal care supplies, except for shampoos used at home, increased. Home services were also in demand. In the 1959 budget 5 out of 6 families were assumed to have home telephone service, which was used for local calls only. By 1966, all families were allowed home phones, and provision for some long-distance calls was added. More household help and laundry services were also provided in the new budget. The services of a dayworker were

15/ For a detailed description, see p. 19.

16/ This technique is described on p. 20.

allowed at least once every other month, compared with less than three times a year in the interim budget.

The trend toward informality in manner of living, increased use of the automobile, and year-round control of temperatures in homes and public buildings, which affected the clothing choices of younger families, altered the patterns for older men and women as well. For example, quantities of topcoats and suits purchased by the retired man decreased, while slacks and sports coats in-

creased. Older women also adopted more casual attire--more sweaters, jackets and casual shoes; fewer suits, lightweight coats, hats and gloves.

Movies attendance declined, and the replacement of radios and television sets leveled off, but the allowances for books and magazines increased in the new budget. Attendance at theaters, sports, and other recreational events also increased. Individual preferences play a large part in the way families spend their money, however, and the allowances provided for these items are not suggested as a spending plan for a retired couple.

Data Sources and Estimating Methods

The theoretical basis for the procedures used to develop the budget quantities and pricing lists for the retired couple is the same as for the budget for a younger family. It is summarized in the following quotation from the report on the original City Worker's Family Budget:

"... In the actual experience of families there is a scale which ranks various consumption patterns in an ascending order from mere subsistence to plentitude in every respect.... This consumption scale is established by society. It can be discovered only through observation of the expressions of society's ratings of the various existing levels of living. These ratings of the various levels of living are expressed in the judgments of scientists, such as medical and public health authorities; and secondly, in the behavior of individual consumers. Scientific judgments are based primarily on the studies of the relation between family consumption and individual and community health. The expressions of consumer judgment appear in the choices made by consumers as economic barriers are progressively removed."^{17/}

In 1963, the Bureau's Standard Budget Research Advisory Committee, in reviewing the procedures used in the original and interim budgets, affirmed

^{17/} Technical Reference 10, p. 36, in appendix C.

"the previous decision to use standards of adequacy based on the judgment of scientists and experts to the extent that such standards are available, supplemented by the analysis of statistical data on consumer practices."^{18/}

Budget quantities and pricing specifications which describe the 1966 moderate standard were derived in a variety of ways. For food at home and shelter, which constitute 49 percent of the total costs of family consumption, allowances were based on scientific findings or expert technical judgments concerning requirements for physical health and social well-being. For transportation and supplemental medical care, accounting for 17 percent of family consumption, the prevailing practices of retired couples were used as a guide in developing budget allowances. Quantities for the remaining third of the consumption total were based on analytical studies of the Bureau's 1960-61 Survey of Consumer Expenditures.^{19/} These studies determined by objective procedures the choices of goods and services made by consumers in successive income classes.

^{18/} Technical Reference 9, p. 36, in appendix C.

^{19/} For a description of this survey, see Handbook of Methods for Surveys and Studies (BLS Bulletin 1458, 1966), pp. 54-64.

The complete list of items and quantities per year is shown in appendix A. Pricing procedures and specifications for the majority of items in the budget are described in the forthcoming Bulletin 1570-3. A few items, which are purchased infrequently or represent an insignificant proportion of the total budget, were not priced. Values for these items were estimated as described in appendix A. Procedures for estimating food, shelter, and medical care costs are described in the text. Explanatory notes on the tables describe variations in the basic budget quantities as required for use in individual cities. The following is a general description of the major sources of data and methods of estimating quantities for the major components of the moderate budget.

Food

The Food and Nutrition Board of the National Research Council has established scientific standards for nutritionally adequate diets for various sex-age groups, which the U.S. Department of Agriculture used in developing food plans at different cost levels.^{20/} The food-at-home component of the budget was based on the "moderate-cost" food plan, considered suitable for the average U.S. family. The plan contains 11 food categories which group foods according to similarity of nutritive values and uses in meals. The suggested quantities furnish the NRC's recommended allowances for nutrients when average food selections within each group are used.

Regional consumption patterns for specific foods within each food group were obtained from the USDA 1965 Household Food Consumption Survey. Estimated budget costs reflect the food preferences of the income class containing the median income (\$5,800) of the middle third of the USDA income distribution. The pattern for the

^{20/} Family Food Plans, 1964, CA 62-19, November 1964, Agricultural Research Service, United States Department of Agriculture. In this revision of the food plans the National Research Council's recommended dietary allowances, 1963 USDA nutritive values, and the USDA's most recent estimates of food consumption patterns were used.

region in which the city is located was used for each city except Washington, D.C. The U.S. pattern was used for Washington, since its population comes from all parts of the country and cannot be considered typically Southern.

The spring 1965 level of prices in each region was determined from the average prices paid for individual items by urban families in the \$5,000-\$5,999 income class in the USDA survey. These prices were weighted by factors which took into consideration the regional preference patterns for individual items within each major food group in the USDA plan. Individual city prices for pricing groups (groups of related items) were estimated from the preference-weighted regional survey averages, by applying the spring 1965 city-to-region ratios of prices collected by BLS for the same or comparable items. Spring 1965 city prices were adjusted to October 1966 by a special calculation of BLS item price changes. The 1966 city weighted average food group prices were applied to the USDA food plan quantities to obtain the final budget costs.

BLS prices used for updating the cost of food at home to 1966 price levels were those collected regularly for the Consumer Price Index from a representative sample of chain and independent food stores of various types (e.g., groceries and meat markets), stores at different levels of annual sales volume, and stores in different locations within a city. Average prices for each food were obtained by calculating independent and chain store averages separately, and then combining them with weights representing the relative volume of food sales by all food stores of each type in the city.

The USDA food plans provide for 21 meals per person per week to be eaten at home, or 2,184 meals annually for a couple. The budget for metropolitan areas provides 2,138 meals at home and the remainder--46 meals--in restaurants. In nonmetropolitan areas these quantities were 2,133 and 51 respectively. In both areas an additional 95 meals at home are included for guests. The cost of food at home was calculated including an allowance of 10 percent, recommended by the U.S. Department of Agriculture to compensate for higher per person

food costs for small families. The average cost-per-guest meal was assumed to be the same as the average per-person cost for the couple's own meals at home. Dinner prices collected for the Consumer Price Index were used in calculating the cost of restaurant meals.

Shelter Costs

Standards for the shelter component of the budget were those established by the American Public Health Association and the U.S. Public Housing Administration. They relate to sleeping space requirements, essential household equipment (including plumbing), adequate utilities and heat, structural condition, and neighborhood location.

For renter families, the shelter standard called for an unfurnished two- or three-room dwelling in sound condition and with a complete private bath, a fully equipped kitchen, hot and cold running water, electricity, central or other installed heating, access to public transportation, grocery stores, and location in residential neighborhoods free from hazards or nuisances.

Rates for dwellings which met this standard were obtained from tenants during the regular rent surveys for the Consumer Price Index between August 1966 and January 1967. The cost of the rental shelter standard was calculated from the average rent in the middle third of the distribution of autumn 1966 rents. Since monthly contract rents in apartment structures usually include water, heat, light, cooking fuel, refrigerator, etc., the cost for these items was added to the contract rent for dwellings whose tenants paid separately for them. Insurance on household contents and against injury to persons on the property, comparable with the coverage provided for homeowner families, also was included in rental housing costs.

For homeowner families, the cost of maintaining the shelter standard was calculated for a five- or six-room, one- or one and one-half bath house that met the same dwelling unit and neighborhood specifications as described above for rental units. The average U.S. urban market value for such

dwellings was \$14,480 in 1960-61. The market value was determined separately for each metropolitan area (and within areas for the city proper and the suburbs) and for each small city. It represents the average value in the middle third of the distribution of market values for dwellings in the BLS 1959-60 Comprehensive Housing Unit Survey which met the budget housing standard. The current (1966) market value for these homes is estimated to be about \$15,560, based on change since 1960-61, in the Consumer Price Index for home purchase.

The house was assumed to be mortgage-free, since 85 percent of retired couples live in homes on which the mortgage has been paid up, according to the 1960-61 Survey of Consumer Expenditures. Therefore, homeowner shelter costs exclude allowances for mortgage interest and principal payments. However, appropriate taxes are included, reflecting varying assessment practices and rates in individual cities. The most economical comprehensive homeowner's insurance policy was used to provide insurance up to 80 percent of the 1960-61 market value of the house, in addition to some coverage on its content and for injury to persons on the property. An allowance for repairs and replacement costs was also included, based on an analysis of the 1960-61 Consumer Expenditure Survey data for retired couples.

Fuel and utilities also are included in shelter costs. The housing specifications required central heating equipment in cities where the average January temperature is 40 degrees or colder, except in five cities where other installed heating equipment was accepted as more typical of the manner of living. Central or other installed heating equipment (base burner, pipeless furnace, or stove, with flue) was required for cities with warmer climates, except for Honolulu, and McAllen, Tex., where average January temperatures were 72 degrees and 61 degrees, respectively. A space heater was included for each of the second group of cities except Honolulu.

To adjust for climatic differences, fuel requirements for maintaining an indoor winter temperature of 70 degrees were estimated. The basis for these estimates was the amount of fuel used to

heat homes of approximately the budget specification, as reported in a 1962 trade association survey of 62 cities (supplemented by data from individual utility companies). These data were related to annual degree days in these cities, as recorded by the U.S. Weather Bureau. In the BLS analysis, the quantities of fuel were expressed in standard BTU's converted, for pricing purposes, to the predominant type of heating fuel used in each city. Estimates of electricity and other utilities for the appliances specified for the budget were obtained from utility companies and associations.

Transportation

The standard for transportation is based on the average level of automobile ownership for retired couples, as recorded in the 1960-61 Survey of Consumer Expenditures. In four of the larger metropolitan areas, where public transportation is readily available, the weight for automobile ownership was adjusted to reflect the ownership patterns in these areas. Thus, ownership was specified for 25 percent of budget families in the New York area, and 40 percent of the families in Boston, Chicago, and Philadelphia. In all other metropolitan areas, the comparable weight is 60 percent. In nonmetropolitan areas, ownership was specified for 68 percent of the families. Allowances for occasional use of public transportation by automobile owners are higher in the four areas having mass transit systems than in other metropolitan areas and smaller cities.

The standard provides for the purchase of a used car every 8 years in metropolitan areas and every 6 years in nonmetropolitan areas, based on the customary purchases of families of the budget type. The average age of the car for which operating expenses were calculated is 7 years.

Medical Care

The medical allowance includes hospital and medical insurance as provided by the Federal Medicare program, initiated in July 1966. Under the hospital insurance, for each spell of hospitalization there is an initial \$40 deductible amount

paid by the enrollee, and the insurance fully covers the remaining hospital costs for the first 60 days. Hospital insurance also includes 20 posthospital days in an extended care facility and 100 post-hospital home health visits, at no cost to the enrollee. Finally, the hospital coverage includes outpatient hospital diagnostic benefits, for which the enrollee pays the first \$20 and 20 percent of the balance of the cost for each diagnostic study.

Under the medical insurance program each enrollee pays a monthly premium amounting to \$3 in 1966-67. In addition, the enrollee pays the initial \$50 of costs plus 20 percent of all remaining costs for services and supplies (medical and surgical services of a physician, diagnostic tests, selected medical supplies, and home health benefits).

Since the budget is designed for a couple in reasonably good health and able to take care of themselves, it was assumed that no charges were incurred by the couple for the longer term provisions of Medicare. The estimated annual average out-of-pocket cost (\$148) for all Medicare enrollees was provided for budget use by the Office of Research and Statistics of the Social Security Administration, based on survey data for the first 12 months of the program. That portion of the estimated cost which covered the nonpremium charges under medical insurance (\$58) was adjusted by BLS to reflect intercity differences in costs, primarily the differences in fees for physician visits--using data from a special BLS analysis.

Since Medicare does not cover the cost of routine dental care, eye examinations or eyeglasses for refractive error and correction, or most out-of-hospital prescription and nonprescription drugs, allowances for these items were added. Also added was a checkup visit to a physician for Medicare enrollees not using any Medicare services within 1 calendar year. Dental care quantities were derived from 1963-64 utilization data in the National Health Survey. Allowances for eye care and prescriptions and drugs were developed from the BLS 1960-61 Consumer Expenditure Survey data.

Average fees and prices for medical services and supplies were those collected for the Consumer Price Index, supplemented by prices obtained specifically for budget use.

Other Goods and Services

Food at home, shelter, transportation, and medical care, as specified for the budget, account for two-thirds of family consumption. The remaining third includes housefurnishings, household operation, clothing, personal care, reading, recreation, meals away from home, alcoholic beverages, and tobacco. For these components, budget allowances were developed by examining the quantities of, or expenditures for, various items purchased at successive income levels by retired couples in the Bureau's 1960-61 Survey of Consumer Expenditures. The purpose of the analysis was to determine the income level at which the rate of increase in quantities purchased, or expenditures, begins to decline in relation to the rate of change in income, i.e., the point of maximum elasticity. The average number and kinds of items purchased at these income levels are the quantities and qualities specified for the budget. Thus, they represent a composite of individual choices. This technique uses the consumer's collective judgment as to what is adequate and is based on the assumption that increasing elasticity indicates increasing urgency of demand, and decreasing elasticity indicates decreasing urgency. The point of maximum elasticity has been described as the point on the income scale where families stop buying "more and more" and start buying either "better and better" or something else less essential to them. ^{21/}

^{21/} This technique was developed for the original City Worker's Family Budget and is described in detail in Technical Reference 10, appendix C. It was also adopted by the Social Security Administration for the original Budget for an Elderly Couple (Technical Reference 11).

For a majority of the items in the housefurnishings, clothing, personal care, and recreation components, the quantities could be standardized for quality (by use of a constant price) across income classes; for the remainder of the components, only expenditure-income elasticities could be calculated. In the clothing, housefurnishings, and personal care components, the characteristic pattern, in which quantities at first increase relatively more rapidly than income and then increase at a relatively slower rate than income, was found. The inflection point, i.e., the point of maximum elasticity, for the majority of subgroups of these components was in the (after tax) income class \$3,000-\$4,000.

For reading, meals away from home, and tobacco, the inflection point occurred most frequently in the next higher class, \$4,000-\$5,000. Quantities of alcoholic beverages were also derived from this income class, although elasticities for this component were ever increasing. Elasticities for recreation and household operations reached their maximum in income classes \$5,000-\$6,000, and \$6,000-\$7,500, respectively. To the extent that the inflection points for these different categories are spread across the income scale, the budget is a composite of average rates of spending at different income levels.

Gifts and Contributions

The allowance for this component was based on an upward adjustment of the ratio estimate used in the interim budget. The adjustment reflected both the change in the level of living and the increase in prices between 1959 and 1966.

It was used with some refinements in deriving quantities for The BLS Interim Budget for a Retired Couple in 1959 (Technical Reference 7). A mimeographed report providing a more detailed description of its use in the current budget will be available at a later date.

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NOTE: The tables which follow list, for each component of the Retired Couple's Budget, the annual average quantities of items for which autumn 1966 prices were obtained or estimated to determine the annual costs of the budget. The quantities describe a moderate living standard for a family of two—a retired husband and wife, age 65 or over. The methods and sources used to derive the budget quantities are described in the text of this bulletin.

The codes in the tables identify the specifications used in pricing the commodities and services for the budget. For some budget items for which no code is shown, only an estimated cost in 1966 for all cities is indicated. These estimates were obtained by: (1) Updating the cost of the item, as reported in the 1960-61 Survey of Consumer Expenditures, to 1966 by change in the appropriate subgroup, group, or "all items" Consumer Price Index; (2) updating the level of consumption, using data reported in trade journals, U.S. Department of Commerce's industry reports, and other sources; or (3) calculating the current cost of the item as a ratio of the cost of other items based on comparable ratios reported in the 1960-61 CES. For further information on priced items see Bulletin 1570-3, Pricing Procedures, Specifications, and Average Prices, Autumn 1966 (to be published at a later date), which covers all priced items in the budget, other than food and shelter, for urban United States and five metropolitan areas (Chicago, Dallas, New York, San Francisco, and Washington, D. C.).

Appendix

Table A-1. Food Budget Quantities

A. Food at home ¹				
Item	Metropolitan areas ²		Nonmetropolitan areas ³	
	Quantity ⁴			
	Per week	Per year	Per week	Per year
Milk and milk products ⁵ ----- quart--	7.00	356.3	7.00	355.6
Meat, poultry, and fish ----- pound--	8.75	445.4	8.75	444.5
Eggs ----- dozen--	1.08	55.0	1.08	54.9
Dry beans, peas, and nuts ----- pound--	.25	12.7	.25	12.7
Grain products ⁶ ----- do--	4.00	203.6	4.00	203.2
Citrus fruit and tomatoes ----- do--	4.50	229.0	4.50	228.6
Potatoes ----- do--	3.50	178.2	3.50	177.8
Other vegetables and fruits ----- do--	11.25	572.6	11.25	571.5
Fats and oil ----- do--	1.12	57.0	1.12	56.9
Sugar and sweets ----- do--	1.38	70.2	1.38	70.1
Accessories:				
Coffee ----- do--	(7)	-----	(7)	-----
Tea ----- do--	(7)	-----	(7)	-----
Soft drinks ----- 72 ounces--	.98	-----	.98	-----
Other -----	⁸ \$.14	-----	⁸ \$.14	-----

B. Food away from home and guest meals			
	Pricing code	Metropolitan areas	Nonmetropolitan areas
		Quantity per year	
Food away from home:			
Meals -----	54-530X -----	46	51
Snacks -----	-----	⁸ \$10.49	⁸ \$5.45
Guest meals provided ⁹ -----	-----	95	95

¹ Quantities from the moderate-cost food plan published by the U.S. Department of Agriculture. (See footnote 20, p. 17.) The quantities do not include allowances for guest meals. (See footnote 9.)

² The quantity allowances in metropolitan areas provide 42 meals weekly, and 2,138 meals annually after adjustment for 46 meals away from home.

³ The quantity allowances in nonmetropolitan areas provide 42 meals weekly, and 2,133 meals annually after adjustment for 51 meals away from home.

⁴ In estimating the cost of food at home for 2-person families, 10 percent should be added to the cost since smaller families generally are unable to buy as economically and have more waste than larger families. (See "Per Person Food Cost Differential in Large and Small Families," *Family Economics Review*, September 1960, pp. 3-5.)

⁵ Includes fluid whole milk and milk products; quantities are converted to units containing the same calcium content as milk, by using the following equivalents: 1 cup of milk equals 3/4 pound of cottage cheese (creamed), 1 pound of cream cheese, 1 1/3 ounces of cheddar cheese, or 1 scant pint of ice cream.

⁶ Weight in terms of flour and cereal. 1 1/2 pounds of bread or baked goods are counted as 1 pound of flour.

⁷ The coffee and tea quantities shown below are for both metropolitan and nonmetropolitan areas within a region and reflect regional preference patterns:

Region	Quantity per week (in pounds)	
	Coffee	Tea
Northeast -----	0.438	0.044
North Central -----	.522	.034
South -----	.406	.080
West -----	.464	.030
U.S. (used for Washington, D. C.) -----	.458	.048

⁸ Estimated cost in 1966 in all cities.

⁹ The allowance for this item assumes that the average cost per guest meal is the same as the cost per meal consumed at home by family members.

Explanatory note: The annual allowance for food at home used in the calculation of the Retired Couple's Budget is the estimated cost of the moderate-cost food plan after adjustment for meals eaten away from home. The selection of specific foods which meet the nutritional standard and reflect regional preference patterns also affects the food budget cost. In estimating the unit cost of each of the major food groups for individual cities, regional preference patterns were taken into account for all cities except Washington, D. C., where the U.S. pattern was used. (See explanation, p. 17.) Specifications for pricing individual food items are available upon request.

Table A-2. Housing Budget Quantities

A. Shelter: Renter families ¹			
Item	Pricing code	Quantity per year, all cities	
Contract rent:			
Unfurnished 2- or 3-room dwelling unit containing specified installed equipment ----- month --	21-015X -----	12	
Heating fuel:			
Most common type heating fuel used in each city -----			(²)
Water ----- cubic foot --	22-745X -----	7,280	
Electricity:			
Lighting, refrigeration, and electrical appliances ----- kilowatt-hour --	22-505X -----	1,260	
Power for heating equipment ----- do----			(³)
Gas: ⁴			
Cooking ----- therm --	22-375X -----	72	
Hot water heating ----- do----	22-385X -----	192	
Furnace pilot ----- do----	22-390X -----	120	
Refuse disposal:			
Trash and garbage removal -----			(⁵)
Equipment:			
Refrigerator -----	23-387 -----	.06	
Range -----	23-399, 23-399A, 23-399C-----	.06	
Insurance on household contents -----	23-975X -----	1.00	
B. Shelter: Homeowner families			
Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Shelter (5- or 6-room dwelling):			
Property tax -----	21-120X -----	1.00	1.00
Homeowner insurance premium -----	21-140X -----	1.00	1.00
Repairs and maintenance:			
Repairs contracted out:			
Painting and redecoration -----	21-527 -----	.07	.10
Repair of roof -----	21-437 -----	.04	.04
Other -----		(⁶)	(⁶)
Repair materials:			
Painting and redecoration ----- gallons --	21-181 -----	1.44	.90
Other -----		(⁷)	(⁷)
Heating fuel:			
Most common type heating fuel used in each city -----			(²)
Water ----- cubic foot --	22-745X -----	7,280	7,280
Electricity:			
Lighting, refrigeration, and electrical appliances ----- kilowatt-hour --	22-505X -----	1,260	1,260
Power for heating equipment ----- do----			(³)
Gas: ⁴			
Cooking ----- therm --	22-375X -----	72	72
Hot water heating ----- do----	22-385X -----	192	192
Furnace pilot ----- do----	22-390X -----	120	120
Refuse disposal:			
Trash and garbage removal -----	23-984FB -----	1.00	1.00
Equipment:			
Refrigerator -----	23-387 -----	.06	.06
Range -----	23-399, 23-399A, 23-399C-----	.06	.06

See footnotes at end of table.

Table A-2. Housing Budget Quantities—Continued

C. Housefurnishings			
Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Household textiles:			
Bedding:			
Sheets -----	23-001, 23-001A -----	1.45	0.85
Pillow cases ----- pair --	23-008FB -----	.38	.40
Pillows -----	23-013 -----	.10	.01
Blankets and quilts -----	23-022FB -----	.20	.03
Bedspreads -----	23-031 -----	.15	.07
Towels:			
Bath -----	23-050FB -----	.77	.78
Other -----	-----	(⁸)	(⁸)
Window coverings:			
Curtains -----	23-085, 23-085A -----	.53	.15
Draperies -----	23-091FB -----	.32	.28
Other -----	-----	(⁹)	(⁹)
Floor coverings:			
Room-size rug -----	23-335, 23-335A, 23-336, 23-377FB --	.07	.08
Other -----	-----	(¹⁰)	(¹⁰)
Furniture:			
Living room:			
Living room suite -----	23-132, 23-133, 23-133A -----	.03	.05
Chair, fully upholstered -----	23-130X -----	.09	-
Table -----	23-169FB -----	.02	-
Sofa -----	23-192 -----	-	.02
Other -----	-----	(¹¹)	(¹¹)
Bedroom:			
Bedroom suite -----	23-211, 23-211A, 23-211B -----	.03	.01
Bed -----	23-200X -----	.02	.01
Mattress and bedspring -----	23-204X, 23-204 -----	.10	.08
Dresser and chest -----	23-210X -----	-	.03
Dining room:			
Dining room suite -----	23-228, 23-228A -----	.01	-
Dining room table -----	23-230X -----	.01	-
Dining room chairs -----	23-240X -----	.01	-
Dinette set -----	23-220X -----	.01	.02
Porch and garden -----	23-250X -----	.46	.06
Other -----	-----	(¹²)	(¹¹)
Electrical equipment and appliances:			
Vacuum cleaner -----	23-411 -----	.08	.02
Washing machine -----	23-423 -----	.04	.01
Toaster -----	23-465 AUX -----	.02	-
Fryer, food mixer, etc -----	23-470X -----	.10	.04
Iron -----	23-471 AUX -----	.04	.03
Sewing machine -----	23-460X -----	.03	-
Air conditioner -----	23-440X -----	(¹³)	(¹³)
Fan -----	23-450X -----	.07	.05
Housewares, tableware, miscellaneous equipment:			
Heater, room-size -----	23-480X -----	.02	.06
Carpet sweeper -----	23-591 -----	.01	.01
Dishes, set -----	23-531, 23-531C, 23-533 -----	.03	.04
Other serving pieces -----	-----	(¹⁴)	(¹⁴)
Light bulbs -----	H-954 -----	11.00	8.05
Lamp -----	23-608 -----	.13	.05
Miscellaneous equipment -----	-----	(¹⁵)	(¹⁵)
Other:			
Lawn mower -----	23-680X -----	.07	.03
Tools, paint brush, etc -----	-----	¹⁶ \$4.20	¹⁶ \$1.73

D. Household Operations

Laundry and cleaning supplies:			
Laundry soap:			
Soap flakes, chips ----- 13 ounces--	H-802 -----	2.64	2.47
Detergent powder, granules ----- 20 ounces--	H-804 -----	35.33	36.29
Detergent, liquid ----- 15 ounces--	H-807 -----	15.76	15.14
Starch, spray ----- 14 ounces--	H-952FB -----	2.48	2.27
Bleach, liquid ----- 1/2 gallon--	H-950FB -----	8.38	7.88

See footnotes at end of table.

Table A-2. Housing Budget Quantities—Continued

Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Laundry and cleaning supplies—Continued			
Floor wax ----- 27 ounces --	H-951FB -----	3.50	3.22
Scouring powder ----- 14 ounces --	H-953FB -----	15.68	14.44
Scouring pads ----- box of 10 --	H-901 -----	5.04	4.63
Air deodorizer ----- 7 ounces --	H-906 -----	3.38	3.02
Other -----	-----	(¹⁷)	(¹⁷)
Paper supplies:			
Paper napkins ----- box of 80 --	H-764 -----	11.03	10.41
Toilet tissue ----- 650-sheet roll --	H-799 -----	69.46	64.47
Paper towels, shelf, wax paper, foil, etc.-----	-----	(¹⁸)	(¹⁸)
Services and miscellaneous supplies:			
Launderettes ----- pound --	34-754 -----	148.83	-
Laundry sent out ----- 10 pounds --	23-924 -----	19.64	-
Household help ----- days --	23-931 -----	6.52	4.09
Miscellaneous supplies -----	-----	(¹⁹)	(¹⁹)
Communications:			
Residential telephone service:			
Basic charge -----	22-624 -----	12.00	12.00
Long distance -----	-----	(²⁰)	(²⁰)
Postage -----	-----	¹⁶ \$ 21.13	¹⁶ \$ 19.60
Stationery, greeting cards, etc -----	-----	¹⁶ \$ 15.08	¹⁶ \$ 13.73

¹ Allowances specified for fuel, utilities, and equipment do not apply when the cost of these items is included in the monthly rent.

² Heating fuel requirements vary with the length and severity of the cold season, type of structure, and type of heating equipment. The variation caused by climate is measured in standard British thermal units (B.t.u.) (convertible to equivalent quantities of fuel oil, gas, etc.) and the normal number of annual degree days in a given city, derived from annual data published by the U.S. Weather Bureau. (A degree day is a unit, based upon temperature difference and time, which measures the difference between the average temperature for the day and 65° F. when the mean temperature is less than 65° F.; the number of degree days for any one day is equal to the number of Fahrenheit degrees difference between the average and 65° F.) The average number of B.t.u.'s required in a given city may be computed as follows:

2- or 3-room unit— Million of B. t. u. 's = 0.75 (-302.817962 + 110.285800 times the logarithm of the normal number of annual degree days)
 6-room unit— Million of B. t. u. 's = -302.817962 + 110.285800 times the logarithm of the normal number of annual degree days.

The quantity of any type of heating fuel used in a given city can be determined by converting the required number of B.t.u.'s into quantities of the type of fuel used. In the determination of the total amount of fuel required, both the average B.t.u. content and an assumed efficiency factor must be taken into consideration for each specified fuel.

³ The kw.-hrs. of electricity required to operate gas or oil heating equipment vary according to the amount of fuel used. The average required number of kw.-hrs. assumed here is 0.25 per therm of gas and 0.44 per gallon of fuel oil.

⁴ In cities where either electricity or oil was the predominant fuel used for cooking and/or hot water heating, it was substituted for gas. The annual allowances for electricity are as follows: Cooking, 1080 kw.-hrs.; hot water heating, 3480 kw.-hrs. For oil, the annual requirement of hot water heating is 155 gallons.

⁵ Cost is included in the rent.

⁶ In metropolitan areas, cost is 110.3 percent of cost of contracting for itemized repairs; in nonmetropolitan areas, 100.1 percent.

⁷ In metropolitan areas, cost is 111.5 percent of cost of paint and redecorating materials; in nonmetropolitan areas, 106.5 percent.

⁸ In metropolitan areas, cost is 53.2 percent of cost of bath towels; in nonmetropolitan areas, 59.0 percent.

⁹ In metropolitan areas, cost is 35.7 percent of total cost of itemized textiles; in nonmetropolitan areas, 28.9 percent.

¹⁰ Cost is 432.7 percent of cost of room-size rug in both metropolitan and nonmetropolitan areas.

¹¹ In metropolitan areas, cost is 6.1 percent of cost of itemized living-room furniture; in nonmetropolitan areas, 1.7 percent.

¹² In metropolitan areas, cost is 18.8 percent of total cost of itemized furniture.

¹³ An annual allowance of 0.03 air conditioners is limited to cities with an average July-Aug. temperature of 85° and over, and a relative humidity of at least 85 percent; cities with an average July-Aug. temperature of 90° or over, regardless of relative humidity; and Los Angeles, with average July-Aug. temperatures close to 85° and relative humidity nearly 85 percent, as reported by U.S. Weather Bureau.

¹⁴ In metropolitan areas, cost is 113.8 percent of cost of sets of dishes; in nonmetropolitan areas 33.0 percent.

¹⁵ In metropolitan areas, cost is 10.0 percent of total cost of furniture, equipment and housewares; in nonmetropolitan areas, 12.7 percent.

¹⁶ Estimated cost for all cities.

¹⁷ In metropolitan areas, cost is 26.8 percent of cost of itemized laundry and cleaning supplies; in nonmetropolitan areas, 26.5 percent.

¹⁸ Cost is 150.0 percent of cost of itemized paper products.

¹⁹ In metropolitan areas, cost is 39.1 percent of total cost of laundry, cleaning, and paper supplies; in nonmetropolitan areas, 36.8 percent.

²⁰ In metropolitan areas, cost is 14.9 percent of cost of basic telephone service; in nonmetropolitan areas, 14.8 percent.

Table A-3. Transportation Budget Quantities¹

Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
A. Automobile owners			
Private transportation:			
Replacement of automobile	41-030X	0.122	0.155
Automobile operating expenses:			
Gasoline	41-065	402.89	366.23
Motor oil	41-097	19.91	19.35
Lubrication	41-355	2.00	1.80
Antifreeze	41-110X	(²)	(²)
Tires, tubeless	41-161 .....	.81	.48
Battery	41-226FB .....	.33	.33
Repairs and parts:			
Motor tuneup	41-483 .....	.75	.50
Front-end alignment	41-675 .....	.15	.19
Brakes relined	41-643FB .....	.18	.12
Other repairs .....	.....	(³)	(³)
Other operating expenses .....	.....	(⁴)	(⁴)
Insurance:			
Public liability	41-807	1.00	1.00
Comprehensive	41-810X .....	.50	.50
Registration:			
State	41-870	1.00	1.00
Local	41-871FB	1.00	1.00
Inspection	41-880FB	(⁵)	(⁵)
Personal property tax .....	.....	(⁶)	(⁶)
Operator's permit	41-902	1.50	1.50
Tolls, parking, fines, etc .....	.....	(⁷)	(⁷)
Public transportation:			
Local:			
Transit fares	42-020X	(⁸)	-
Taxi fares	42-143	(⁹)	1.00
Out of city .....	.....	¹⁰ \$41.00	¹⁰ \$3.79
B. Nonowners of automobiles			
Public transportation:			
Local:			
Transit fares	42-020X	107	3
Taxi fares	42-143	10	13
Out of city .....	.....	¹⁰ \$65.26	¹⁰ \$6.07

¹ The mode of transportation within cities and metropolitan areas is related to location, size, and characteristics of the community. The average costs of automobile owners and nonowners were weighted by the following proportions of families: For 1 city (New York) 25 percent for automobile owners, 75 percent for nonowners; for 3 cities (Boston, Philadelphia, and Chicago) 40 percent for owners and 60 percent for nonowners; for 35 other metropolitan areas, 60 percent for automobile owners and 40 percent for nonowners; and in all nonmetropolitan areas, 68 percent for automobile owners and 32 percent for nonowners.

² The annual allowance is 1.25 gallons for all cities with an average minimum temperature of 32°-15° during January. For cities with below 15° January minimum temperatures, the allowance is 2.00. No anti-freeze is provided for mild climate cities.

³ In metropolitan areas, cost is 58.7 percent of itemized repairs; in nonmetropolitan areas, 50.2 percent.

⁴ In metropolitan areas, cost is 4.4 percent of itemized operating expenses; in nonmetropolitan areas, 3.0 percent.

⁵ The number of inspections required by law in each city.

⁶ Cost required by law in each city.

⁷ In metropolitan areas, cost is 5.2 percent of annual allowance for itemized operating expenses; in nonmetropolitan areas, 2.0 percent.

⁸ The annual allowance is 34 rides in Boston, New York, Philadelphia, and Chicago; 25 in all other cities.

⁹ The annual allowance is 7 rides in Boston, New York, Philadelphia, and Chicago; 1 in all other cities.

¹⁰ Estimated cost in 1966 for all cities.

Table A-4. Clothing Budget Quantities

A. Husband			
Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Outerwear:			
Topcoats*	31-018 series	0.07	0.16
Jackets, sport coats*	31-010X .....	.17	.18
Sweaters	31-154 .....	.16	.21
Raincoats*	31-020X .....	.09	.14
Suits:			
Year-round weight*	31-052, 31-053 .....	.28	.37
Tropical weight*	31-050X .....	.05	.03
Slacks:			
Dress	31-086, 31-087 series .....	.67	.58
Work	31-171 .....	.78	1.27
Shirts:			
Dress	31-273, 31-273A .....	.87	1.18
Work	31-222, 31-222A .....	.34	.50
Sports	31-292 .....	.65	1.24
Other outerwear* .....	.....	(¹)	-
Underwear, nightwear:			
Undershorts, briefs	31-342FB	1.37	1.83
Undershirts	31-324	1.53	2.04
Other underwear* .....	.....	(²)	(²)
Pajamas	31-376FB .....	.48	.58
Bathrobes	31-370X .....	.09	.07
Hosiery (socks)-----pair--	31-409, 31-409A	4.23	4.21
Footwear:			
Shoes:			
Street	33-002, 33-002A .....	.61	.40
Work	33-046 .....	.18	.18
Loafers	33-010X .....	.12	.09
Houseslippers	33-050X .....	.18	.10
Rubbers, galoshes, boots*	33-226FB .....	.11	.10
Hats, gloves, accessories:			
Hats:			
Felt*	31-427FB .....	.19	.36
Straw*	31-420X .....	.13	.34
Gloves:			
Dress*	31-430X .....	.15	.39
Work*	31-440X .....	.31	.14
Ties, handkerchiefs .....	.....	³ \$1.66	³ \$5.44
Jewelry, watches .....	.....	³ \$3.08	³ \$2.02
Other accessories* .....	.....	(⁴)	(⁴)
B. Wife			
Outerwear:			
Coats:			
Heavyweight*	32-001, 32-002 series	0.13	0.12
Lightweight	32-010X .....	.11	.10
Carcoats, jackets	32-105 .....	.03	.02
Sweaters	32-118, 32-118A .....	.24	.27
Suits	32-120X .....	.07	.08
Dresses:			
Street	32-222, 32-223, 32-226, 32-226A	1.05	.61
House	32-248 .....	.85	.49
Skirts .....	.....	³ \$.49	-
Blouses, shirts	32-144, 32-144A .....	.17	.13
Other outerwear* .....	.....	(¹)	(¹)
Underwear, nightwear:			
Slips, petticoats	32-287 .....	.60	.60
Girdles	32-378, 32-378B .....	.55	.49
Brassieres	32-391 .....	.55	.68
Panties, briefs	32-313	1.28	1.06
Nightgowns	32-327FB .....	.43	.27
Pajamas	32-339FB .....	.07	.13
Robes, housecoats	32-340X .....	.13	.12
Other underwear and nightwear* .....	.....	(³)	-
Hosiery:			
Stockings	32-405, 32-405A	6.31	4.44
Anklelets .....	.....	³ \$.11	-
Footwear:			
Shoes:			
Street	33-271, 33-272 .....	.97	.75
Casual	33-361 .....	.33	.32
Houseslippers	33-406 .....	.35	.41
Rubbers, galoshes, boots*	33-410X .....	.14	.12

See footnotes at end of table.

Table A-4. Clothing Budget Quantities—Continued

B. Wife—Continued			
Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Hats, gloves, accessories:			
Hats* -----	32-432FB -----	0.59	0.51
Gloves* ----- pair --	32-443 -----	.31	.24
Purses, handbags -----	32-450X -----	.22	.23
Jewelry, watches -----	-----	³ \$1.53	³ \$.87
Other accessories* -----	-----	(⁴)	(⁴)
C. Clothing materials and services			
Materials:			
Wool, wool blends ----- yards--	34-420X -----	0.60	0.18
Cotton, cotton blends ----- do--	34-438, 34-438A, 34-449AUX -----	2.92	2.14
Rayon, acetate ----- do--	34-460X -----	.21	.36
Nylon, orlon, dacron ----- do--	34-469FB -----	.12	-
Other yard goods -----	-----	(⁶)	(⁶)
Notions (yarn, pins, etc.) -----	-----	(⁷)	(⁷)
Services:			
Cleaning and pressing:			
Men's suits ----- garment--	34-708, 34-708A -----	6.41	6.20
Women's dresses ----- do--	34-731, 34-731A -----	5.16	7.07
Shoe repair:			
Men's half soles and heels ----- number--	34-639FB -----	.51	.25
Women's heels ----- do--	34-662, 34-662A -----	2.78	1.17
Shoe shines, polish, laces, etc -----	-----	(⁸)	(⁸)
Other clothing services -----	-----	(⁹)	(⁹)

¹ Cost is a specified percentage of total cost of itemized outerwear, adjusted for intercity variations due to climatic differences. The percentages in metropolitan areas are husband, 2.3; wife, 5.1. In nonmetropolitan areas the percentage is wife, 5.9.

² Cost is a specified percentage of total cost of itemized underwear, adjusted for intercity variations due to climatic differences. The percentages for the husband are 60.1 in metropolitan areas, and 10.6 in nonmetropolitan areas.

³ Estimated cost in 1966 for all cities.

⁴ Cost is a specified percentage of total cost of clothing, adjusted for intercity variations due to climatic differences. The percentages in metropolitan areas are husband, 1.5 percent; wife, 1.1 percent. In nonmetropolitan areas the percentages are husband, 0.4 percent; wife, 1.7 percent.

⁵ Cost is a specified percentage of total cost of itemized underwear and nightwear, adjusted for intercity variations due to climatic differences. In metropolitan areas the percentage is 7.7.

⁶ In metropolitan areas the cost is 2.6 percent of itemized yard goods; in nonmetropolitan areas, 7.3 percent.

⁷ In metropolitan areas the cost is 90.3 percent of cost of all yard goods; in nonmetropolitan areas, 86.9 percent.

⁸ In metropolitan areas the cost is 21.2 percent of cost of shoe repairs; in nonmetropolitan areas, 9.4 percent.

⁹ In metropolitan areas the cost is 17.7 percent of cost of itemized clothing services; in nonmetropolitan areas, 8.4 percent.

* See explanatory note p. 29 .

Table A-4. Clothing Budget Quantities—Continued

Explanatory note: Quantities of starred items vary from city to city. The basic clothing budget is the U.S. average quantity, both for metropolitan areas and for nonmetropolitan areas. For each city or metropolitan area, the quantities of clothing articles specified in the following tabulation are adjusted upward or downward in accordance with local climatic conditions, on the basis of the normal number of annual degree days as published by the U.S. Weather Bureau. The tabulation shows the quantities of specified items of clothing required in metropolitan areas when the normal number of annual degree days average 0 and 8,392; and in nonmetropolitan areas when the average is 489 and 10,864. (For definition of degree days, see footnote 2, table A-2.) The quantities required for specific cities were determined by straight-line interpolation.

Item	Normal number annual degree days			
	Metropolitan areas		Nonmetropolitan areas	
	8,392	0	10,864	489
<u>Husband</u>				
Topcoats -----	0.12	0	0.26	0.08
Jackets, sport coats -----	.21	0.11	.26	.12
Raincoats -----	.16	.01	.22	.07
Suits:				
Year-round weight -----	.29	.26	.37	.36
Tropical weight -----	.03	.08	.01	.04
Other outerwear -----	¹ 2.5	0	-	-
Other underwear -----	² 44.7	² 39.1	³ \$9.62	0
Footwear:				
Rubbers, galoshes, boots -----	.20	0	.24	0
Hats:				
Felt -----	.24	.13	.50	.25
Straw -----	.06	.21	.23	.42
Gloves:				
Dress -----	.34	0	.98	0
Work -----	.68	0	.34	0
Other accessories -----	⁴ 3.4	⁴ .8	0	⁴ .4
<u>Wife</u>				
Coats, heavyweight -----	0.23	0	.28	0
Other outerwear -----	¹ 1.9	¹ 1.1	0	¹ .8
Other underwear and nightwear -----	⁵ 2.9	⁵ 6.3	-	-
Rubbers, galoshes, boots -----	.26	0	.30	0
Hats -----	.88	.24	.97	.16
Gloves -----	.57	0	.64	0
Other accessories -----	⁴ .1	2.0	0	⁴ .8

¹ The allowances are stated as percentages of total cost of itemized outerwear.

² The allowances are stated as percentages of total cost of itemized underwear.

³ Estimated cost in 1966.

⁴ The allowances are stated as percentages of total cost of itemized clothing.

⁵ The allowances are stated as percentages of total cost of itemized underwear and nightwear.

Table A-5. Personal Care

Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
Services:			
Husband:			
Haircut	52-697	13.50	20.60
Wife:			
Haircut	52-753	1.60	1.90
Permanent wave	52-825	1.30	2.50
Shampoo and set	52-849	7.50	10.00
Tinting and coloring .....	.....	(¹)	-
Family: Other .....	.....	(²)	-
Supplies:			
Toilet soap	52-001	71.3	58.6
Toothpaste	52-025	26.4	23.6
Shaving cream	52-073	23.6	20.0
Cleansing tissue	52-625	14.4	11.6
Shampoo	52-193AUX	7.3	1.5
Face powder .....	.....	³ \$ 1.45	³ \$ 1.50
Home permanent kit	52-529 .....	.2	.6
Other .....	.....	(⁴)	(⁴)

¹ In metropolitan areas the cost is 4.5 percent of total cost of itemized services for the wife.

² In metropolitan areas the cost is 0.2 percent of annual allowance for itemized personal services.

³ Estimated cost in 1966 for all areas.

⁴ In metropolitan areas the cost is 100.8 percent of annual allowance for itemized supplies; in nonmetropolitan areas, 107.5 percent.

Table A-6. Medical Care

Item	Pricing code	Quantity per year
		All cities
Medicare:		
Hospital insurance deductible .....	.....	¹ \$ 17.72
Medical insurance:		
Premium .....	.....	\$ 72.00
Deductible and coinsurance .....	.....	² \$ 58.43
Medical care not covered by Medicare:		
Physician's office visit (check-up) ³	51-201 .....	.64
Dental care:		
Fillings	51-465 .....	.36
Extractions	51-466 .....	.30
Cleaning and examination	51-469FB	1.00
Denture work, other dental care .....	.....	(⁴)
Eye care:		
Examination for glasses	51-518, 51-519 .....	.17
Eyeglasses	51-518, 51-520 .....	.48
Other .....	.....	(⁵)
Drugs:		
Prescription	51-061 through 51-181	14.8
Nonprescription:		
Vitamins	51-001	1.6
Other .....	.....	(⁶)

¹ Estimated cost for all areas.

² Estimated average cost: Differs from city to city.

³ An allowance for those family members not using any Medicare service within 1 calendar year.

⁴ Cost is 228.0 percent of total cost of itemized dental procedures.

⁵ Cost is 111.1 percent of total cost of eyeglasses and examination.

⁶ Cost is 269.0 percent of cost of vitamins.

Table A-7. Other Family Consumption

Item	Pricing code	Quantity per year	
		Metropolitan areas	Nonmetropolitan areas
A. Reading materials			
Newspapers (subscription) -----	53-806 through 53-819-----	1.00	1.81
Books (not school) -----	-----	¹ \$5.27	¹ \$1.50
Magazines -----	-----	¹ \$10.54	¹ \$15.76
B. Recreation			
Radios, television sets, etc:			
Radios -----	53-033, 53-033A, 53-034--	0.07	0.10
Television sets -----	53-001, 53-018-----	.06	.10
Repairs, including parts -----	-----	¹ \$22.15	¹ \$14.10
Phonograph records -----	53-177 -----	.30	-
Admissions:			
Movies -----	53-612 -----	8.16	1.53
Other admissions -----	-----	¹ \$5.58	¹ \$1.98
Other recreation:			
Participant sports -----	-----	(²)	(²)
Club dues, memberships -----	-----	(²)	(²)
Hobbies -----	-----	(²)	(²)
Pets, pet supplies, and other recreation expenses -----	-----	¹ \$3.03	¹ \$12.09
C. Tobacco			
Cigarettes ----- carton --	54-002, 54-006 -----	17.9	17.9
Cigars ----- each --	54-077 -----	97.0	97.0
Pipe tobacco ----- ounce --	54-153FB -----	41.1	41.1
Pipe and smoker's supplies -----	-----	(³)	(³)
D. Alcoholic beverages			
At home:			
Beer and ale ----- 72 ounces --	54-309-----	16.1	3.3
Liquors (whiskey, etc.)----- 1/5 gallon --	54-384, 54-399 -----	4.1	1.3
Wine ----- 1/5 gallon --	54-429, 54-431 -----	7.6	.6
Away from home -----	-----	(⁴)	(⁴)
E. Miscellaneous expenses			
Miscellaneous expenses: Lodging away from home, bank service charges, legal expenses, other expenses that cannot be allocated elsewhere.		0.4 percent of all other costs of family consumption.	

¹ Estimated cost in 1966 for all cities.

² Cost is a specified percentage of total cost of radios, television sets, etc., and admissions. The percentages in metropolitan areas are as follows: Participant sports, 36.3; club dues, 14.6; hobbies, 10.0. In nonmetropolitan areas, the percentages are participant sports, 9.6; club dues, 24.9; hobbies, 11.0

³ Cost is 1.1 percent of annual allowance for itemized tobacco products.

⁴ In metropolitan areas, cost is 18.2 percent of total cost of itemized alcoholic beverages; in nonmetropolitan areas, 15.0 percent.

Table A-8. Gifts and Contributions

Item	Quantity per year, all cities
Gifts and contributions: Christmas, birthday, and other presents to persons outside the immediate family; and contributions to religious, welfare, medical, educational, and other organizations.	6.4 percent of total cost of family consumption, less miscellaneous expenses.

Appendix B

Index of Population Weights Used in the Retired Couple's Budget

Area	Population weights	Area	Population weights
United States urban population -----	100.00	United States urban population—Continued	
Metropolitan areas ² -----	74.96	South ⁴ -----	27.34
Nonmetropolitan areas ³ -----	25.04	Atlanta, Ga -----	2.03
Northeast ⁴ -----	30.90	Austin, Tex -----	1.42
Boston, Mass -----	2.36	Baltimore, Md -----	.98
Buffalo, N. Y -----	2.09	Baton Rouge, La -----	.82
Hartford, Conn -----	2.51	Dallas, Tex -----	2.34
Lancaster, Pa -----	1.09	Durham, N. C -----	1.08
New York—Northeastern New Jersey -----	13.93	Houston, Tex -----	.94
Philadelphia, Pa.—N. J. -----	2.86	Nashville, Tenn -----	2.26
Pittsburgh, Pa -----	1.70	Orlando, Fla -----	2.61
Portland, Maine -----	1.47	Washington, D. C.—Md.—Va -----	.87
Nonmetropolitan areas ³ -----	2.89	Nonmetropolitan areas ³ -----	11.99
North Central ⁴ -----	25.87		
Cedar Rapids, Iowa -----	1.56	West ⁴ -----	15.83
Champaign—Urbana, Ill -----	1.60	Bakersfield, Calif -----	.70
Chicago, Ill.—Northwestern Indiana -----	4.55	Denver, Colo -----	1.35
Cincinnati, Ohio—Ky.—Ind -----	.55	Los Angeles—Long Beach, Calif -----	4.95
Cleveland, Ohio -----	.76	San Diego, Calif -----	1.60
Dayton, Ohio -----	.76	San Francisco—Oakland, Calif -----	2.80
Detroit, Mich -----	2.26	Seattle—Everett, Wash -----	1.64
Green Bay, Wis -----	1.41	Nonmetropolitan areas ³ -----	2.79
Indianapolis, Ind -----	.53		
Kansas City, Mo.—Kans -----	.95	Honolulu, Hawaii ⁵ -----	.06
Milwaukee, Wis -----	.78	Anchorage, Alaska ⁵ -----	(6)
Minneapolis—St. Paul, Minn -----	1.29		
St. Louis, Mo.—Ill -----	.97		
Wichita, Kans -----	.53		
Nonmetropolitan areas ³ -----	7.37		

¹ The weight in each urban area is the total population of 2-person, husband-wife families, age 65 or over, with no full-time earner in the family, as reported in the 1960-61 Survey of Consumer Expenditures. For an explanation of the sample selection, see "Technical Note: The Revised City Sample for the Consumer Price Index," Monthly Labor Review, November 1960, pp. 1141-1157. (Also issued as BLS Reprint 2354.)

² For a detailed description, see the 1967 edition of the Standard Metropolitan Statistical Areas, prepared by the Bureau of the Budget.

³ Places having population of 2,500 to 50,000.

⁴ Regions as defined by the Bureau of the Census: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; North Central—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

⁵ Honolulu and Anchorage were separate sampling strata in the BLS 1960-61 Consumer Expenditure Survey, and, therefore, are not included in the total weight for the West. Honolulu's weight is in the United States and metropolitan area totals; Anchorage's weight is in the United States and nonmetropolitan area totals.

⁶ A population weight for Anchorage is not shown separately because the sample which represented this type of family was not statistically significant. Therefore, the weight was imputed to other nonmetropolitan areas.

Appendix C

Technical References

1. Brackett, Jean C., "Intercity Differences in Family Food Budget Costs," Monthly Labor Review, October 1963, pp. 1189-1194.

An analysis of the effects on food budget cost estimates of using for all cities a single set of weights representing urban U.S. food patterns, or different weights for each city reflecting the food preferences of the region in which the city is located. Also presents a discussion of the conceptual implications of varying the weights in a place-to-place comparison of family living costs.

2. Clorety, Joseph A., "Consumption Statistics: A Technical Comment," How American Buying Habits Change, chapter X, 1959, pp. 217-242.

Includes a section on "Standard Budgets as Indicators of Progress" (pp. 232-242). Also presents in summary form a representative cross-section of budgets compiled in this country during the 20th century, showing average dollar cost figures for the total and for the major components of each budget.

3. Lamale, Helen H., "Changes in Concepts of Income Adequacy Over the Last Century," Journal of the American Economic Association, May 1958, pp. 291-299.

An analysis of the relationship over time between actual levels of living in the United States and the goals or standards of living which have been accepted in different historical periods and for different purposes; and a discussion of the implications in this relationship for present-day concepts of income adequacy.

4. _____ "Poverty: The Word and the Reality", Monthly Labor Review, July 1965, pp. 822-827.

Discusses the role of standard budgets in providing an intelligible definition of poverty, for use in evaluating income adequacy for different family types and in different geographical locations and for estimating the extent of poverty in the United States.

5. _____ and Margaret S. Stotz, "The Interim City Worker's Family Budget," Monthly Labor Review, August 1960, pp. 785-808.

Estimates of the cost of a "modest but adequate" standard of living for a husband, wife, and two children (living in rented housing), at autumn 1959 prices, in 20 large cities and their suburbs (Atlanta, Baltimore, Boston, Chicago, Cincinnati, Cleveland, Detroit, Houston, Kansas City, Los Angeles, Minneapolis, New York, Philadelphia, Pittsburgh, Portland, Oreg., St. Louis, San Francisco, Scranton, Seattle, and Washington, D.C.) Includes a detailed list of the goods and services considered necessary by four-person families to maintain the specified living standard as determined by levels of living actually achieved in the 1950's, and describes how this representative list was developed and priced. (See Reference No. 10 for description of original BLS City Worker's Family Budget.)

6. Orshansky, Mollie, "Budget for an Elderly Couple: Interim Revision by the Bureau of Labor Statistics," Social Security Bulletin, December 1960, pp. 26-36.

A summary report on "The BLS Interim Budget for a Retired Couple". (See Reference No. 7.) Includes a discussion of various conceptual problems encountered in developing normative living costs estimates for a retired couple, and some of the limitations of this particular budget for the multitude of purposes for which budgets for older persons and families are needed.

7. Stotz, Margaret S., "The BLS Interim Budget for a Retired Couple," Monthly Labor Review, November 1960, pp. 1141-1157.

Estimates of the cost of a "modest but adequate" standard of living for a man age 65 or over and his wife (living in rented housing), at autumn 1959 prices, in 20 large cities and their suburbs (cities are the same as those listed in Reference No. 5). Includes a detailed list of the goods and services considered necessary for retired couples to maintain the specified living standard as determined by levels of living actually achieved in the 1950's; and describes how this representative list was developed and priced. (See Reference No. 11 for description of original Budget for an Elderly Couple.)

8. U.S. Department of Labor, Bureau of Labor Statistics, "Estimating Equivalent Incomes or Budget Costs by Family Type," Monthly Labor Review, November 1960, pp. 1197-1200.

Describes a scale for measuring the relative after-tax income required by families of differing composition to maintain the same level of material well-being, or for estimating comparable costs of goods and services for families of different age, size, and type. (Scale values cannot be used to estimate relative costs of components of family budgets—food, housing, taxes, insurance, etc.)

9. Report of the Advisory Committee on Standard Budget Research, June 1963, 26 pp.

Members of the BLS Advisory Committee on Standard Budget Research:

- Professor Gwen Bymers, Department of Household Economics and Management, Cornell University; Ithaca, N. Y.
Dorothy M. Durand, Private consultant on the development and use of standard budgets; Scarsdale, N. Y.
Gertrude Lotwin, Home Economics Consultant, State of New Jersey Division of Welfare; Trenton, N. J.
Charles A. Pearce, Director, Division of Research and Statistics, Department of Labor, State of New York; New York, N. Y.
Lazare Teper, Director, Research Department, International Ladies' Garment Workers' Union, AFL-CIO; New York, N. Y.
Gertrude S. Weiss, Chairman, Consultant; Washington, D. C.
C. Ashley Wright, Economist, Standard Oil Company (N. J.); New York, N. Y.

Contains recommendations of this committee of experts on the needs for various types of budgets, general concepts of the standards of living to be described by the budgets, and technical and other problems associated with estimating and publishing budget costs. Includes a selected bibliography on the major uses of standard budgets.

10. Workers' Budgets in the United States: City Families and Single Persons, 1946 and 1947, (BLS Bulletin 927, 1948) 55 pp.

Describes concepts, definitions, and techniques used in developing the original City Worker's Family Budget for a four-person family, detailed list of goods and services priced, and 1946-47 cost estimates for 34 cities. Also contains an historical survey of family budgets, and summary data on State budgets for single women workers.

11. U.S. Department of Health, Education, and Welfare, Social Security Administration, "A Budget for an Elderly Couple," Social Security Bulletin, February 1948, pp. 4-12.

Contains estimates of the cost of a "modest but adequate" standard of living for a couple age 65 or older, at March 1946 and June 1947 prices, in eight large cities. (Concepts and techniques used to compile this budget were the same as those employed in developing the original BLS City Worker's Budget. See Reference No. 10.)