

# Notes and Brief Reports

## Budget for an Elderly Couple

The budget for an elderly couple<sup>1</sup> developed by the Social Security Administration to parallel the city worker's family budget of the Bureau of Labor Statistics has been widely used in evaluating and interpreting the adequacy of social security programs. The budget was originally priced, at March 1946 and June 1947 costs, for eight selected cities<sup>2</sup> of the 34 for which BLS collects prices. The costs of this budget have now been calculated for five additional cities—Chicago, Detroit, New York, St. Louis, and San Francisco. Limitations in funds have thus far made it impossible to carry out the pricing of the budget for the remaining 21 cities, or to complete the preparation of comparable budgets for other family types—for example, families made up of a widow and children.

Both budgets—that for an elderly couple and the BLS budget for a city worker's family—may be described as representing a modest but adequate level of living. They are designed to include the goods and services that are necessary for a healthful, self-respecting mode of living that allows normal participation in community life 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, since it provides for more than physical needs and more than would be necessary to carry families through a limited period of stringency. On the other hand, it is not a luxury budget, nor does it represent an American "ideal" way of living.

Tables 1 and 2 show the cost of the total budget for an elderly couple and of each of the major groups of items comprising the budget, as of March 1946 and June 1947, for the five additional cities. These tables are com-

<sup>1</sup> See the *Bulletin*, February 1948, pp. 3-11.

<sup>2</sup> Boston, Denver, Houston, Indianapolis, Minneapolis, Mobile, Portland, and Washington, D. C.

parable to those published earlier for the eight cities.

The housing costs for Chicago and New York are based on information obtained in special rental surveys. Analysis of the results of these surveys and of data for a number of other cities suggests that the housing costs included in the budget have not been

significantly inflated by the inclusion of a few above-standard dwelling units. In the February 1948 presentation of the budget for an elderly couple, this factor was mentioned as a possible explanation of the relatively high cost of housing as compared with other categories of expenditure included in the budget.

The actual cost of the budgets at current prices is not known, since the BLS has not had funds to reprice the

Table 1.—Annual cost of budget for elderly couple, five selected cities, at March 1946 prices

Item	Chicago	Detroit	New York City	St. Louis	San Francisco
Total.....	\$1,419	\$1,456	\$1,483	\$1,374	\$1,420
Food, total.....	399	400	412	394	401
Family food at home <sup>1</sup> .....	361	362	374	356	364
Guest meals served.....	17	17	22	21	21
Meals purchased (net additional cost).....	17	17	16	17	16
Housing, total.....	645	647	708	604	617
Rent, heat, and utilities <sup>2</sup> .....	510	507	559	489	486
Household operations.....	93	97	103	76	87
Household furnishings.....	42	43	44	39	44
Clothing, total <sup>3</sup> .....	93	92	96	88	91
Man.....	49	44	51	46	49
Woman.....	44	48	45	42	42
Medical care, total.....	90	109	89	96	115
Man.....	40	48	44	43	51
Woman.....	43	54	45	46	67
Medical supplies.....	7	7	7	7	7
Other, total.....	192	208	170	192	196
Personal care.....	26	28	25	24	31
Recreation and reading.....	57	64	50	60	64
Tobacco.....	22	20	22	20	21
Transportation.....	46	54	30	48	39
Gifts and contributions <sup>3</sup> .....	41	42	43	40	41

<sup>1</sup> Provides for 2,190 meals (3 meals per day per person, 365 days per year).

<sup>2</sup> Includes adjustments for differences in requirements due to climate.

<sup>3</sup> Allowance for this category is 3 percent of all other expenditures.

Table 2.—Annual cost of budget for elderly couple, five selected cities, at June 1947 prices

Item	Chicago	Detroit	New York City	St. Louis	San Francisco
Total.....	\$1,618	\$1,643	\$1,692	\$1,540	\$1,605
Food, total.....	534	540	552	520	529
Family food at home <sup>1</sup> .....	483	489	501	471	479
Guest meals served.....	28	28	29	27	28
Meals purchased (net additional cost).....	23	23	22	22	22
Housing, total.....	660	656	719	617	629
Rent, heat, and utilities <sup>2</sup> .....	515	508	561	493	488
Household operations.....	100	103	111	83	95
Household furnishings.....	45	45	47	41	46
Clothing, total <sup>3</sup> .....	109	104	111	100	103
Man.....	59	53	63	55	56
Woman.....	50	51	48	45	47
Medical care, total.....	97	114	114	95	126
Man.....	43	50	50	42	55
Woman.....	46	56	56	45	63
Medical supplies.....	8	8	8	8	8
Other, total.....	218	229	196	208	218
Personal care.....	32	34	31	31	34
Recreation and reading.....	65	71	62	62	69
Tobacco.....	25	22	24	22	22
Transportation.....	49	54	30	48	46
Gifts and contributions <sup>3</sup> .....	47	48	49	45	47

<sup>1</sup> Provides for 2,190 meals (3 meals per day per person, 365 days per year).

<sup>2</sup> Includes adjustments for differences in requirements due to climate.

<sup>3</sup> Allowance for this category is 3 percent of all other expenditures.

budgets for any period later than June 1947. Changes in the consumers' price index of the BLS do not reflect accurately changes in the budget costs, since there are differences in the items included in the budgets and in the index as well as variations in the relative importance of the various items. Between March 1946 and June 1947, the two periods for which accurate budget costs are available, the cost of the budgets rose less rapidly than the index. In other economic situations the relationship might be reversed.

To derive an approximate estimate of the current cost of the budget for an elderly couple, it has been assumed, however, that from June 1947 to the present the relationship between changes in the cost of the budget and changes in the index has been the same as in the period March 1946-June 1947. On this assumption, estimates have been made (table 3) of the cost of the total budget for each of the 13 cities for which earlier cost figures are available, in the latest month for which the consumers' price index for that city has been computed. Data are not available on which to base similar estimates for the several items in the budget.

**Table 3.—Annual cost of budget for elderly couple in 13 selected cities in March 1946 and June 1947 and approximate cost in early 1949**

City	Annual cost of budget		
	March 1949	June 1947	March 1946
Boston, Mass.....	\$1,720	\$1,638	\$1,455
Chicago, Ill.....	1,720	1,618	1,419
Denver, Colo.....	1,620	1,519	1,336
Detroit, Mich.....	1,720	1,643	1,456
Houston, Tex.....	1,440	1,365	1,169
Indianapolis, Ind.....	1,640	1,553	1,378
Minneapolis, Minn.....	1,580	1,476	1,291
Mobile, Ala.....	1,520	1,444	1,265
New York, N. Y.....	1,780	1,692	1,483
Portland, Oreg.....	1,630	1,539	1,387
St. Louis, Mo.....	1,620	1,540	1,374
San Francisco, Calif.....	1,710	1,605	1,420
Washington, D. C.....	1,830	1,767	1,573

<sup>1</sup> Based on consumers' price index for January 1949.  
<sup>2</sup> Based on consumers' price index for February 1949.

## Family Benefits

At the end of 1948, monthly benefits under old-age and survivors in-

surance were being paid to at least one member of almost 1.6 million families (table 1). Almost two-thirds of the families receiving benefits were retired worker families. The relative number of survivor families, which in 1944 made up 39 percent of all beneficiary families, has dropped continuously since then and at the end of 1948 was 34 percent of the total. While the proportion of other types of survivor families decreased, the proportion of families in which only an aged widow was receiving benefits increased from 10.9 percent at the end of 1944 to 13.2 percent at the end of 1948.

Payments to retired workers with no dependents receiving benefits averaged \$25.80 for men and \$20.10 for women. The average for a retired worker and his wife was \$40.40. For survivor families, the average benefits ranged from \$13.40 for a family in which only one child was receiving benefits to \$53.00 for a family consisting of a widowed mother and three or more children receiving benefits.

A comparison of family benefits in current-payment status at the end of 1948, 1946, and 1944 (the first year for which such information is available) is presented in table 1. For each fam-

ily classification—except families with a retired worker, wife, and child receiving benefits, for which the sample is too small to be significant—the average benefit increased, mainly because each year the average award was larger.

This increase in the average amount awarded was due to the change in the method of computing primary benefit amounts, as authorized by the 1946 amendments to the Social Security Act; the higher wages on which the benefits were based; and the increased number of annual increments used in computing benefit amounts. Awards to survivors of certain veterans of World War II, under section 210 of the Social Security Act as amended in 1946, and awards under the 1946 amendments to the Railroad Retirement Act also contributed to the increase. Other provisions of the 1946 amendments to the Social Security Act authorized procedures for recomputing and thereby increasing certain benefits already on the rolls. The amendments also provided for recomputation of benefits to take into account wages earned by a primary beneficiary after entitlement to benefits.

A distribution of the relative num-

**Table 1.—Number of families and beneficiaries in receipt of benefits at end of 1948, and average monthly benefit in current-payment status at end of 1948, 1946, and 1944, by family group**

[Based on 20-percent sample; average benefits shown to the nearest 10 cents; data corrected to June 6, 1949]

Family classification of beneficiaries	Number of families (in thousands)	Number of beneficiaries (in thousands)	Average monthly amount per family		
			1948	1946	1944
Total.....	1,590.8	2,314.6	-----	-----	-----
Retired worker families.....	1,048.0	1,394.7	-----	-----	-----
Worker only.....	708.4	708.4	\$24.60	\$23.90	\$23.00
Male.....	560.1	560.1	25.80	24.90	24.10
Female.....	148.4	148.4	20.10	19.60	19.30
Worker and wife.....	320.7	641.5	40.40	39.00	37.90
Worker and 1 child.....	12.1	24.2	39.10	37.20	35.70
Worker and 2 or more children.....	6.5	20.0	48.60	47.40	44.60
Worker, wife, and 1 or more children <sup>1</sup> .....	.2	.6	53.10	51.30	48.50
Survivor families.....	542.8	919.9	-----	-----	-----
Aged widow.....	210.1	210.1	20.60	20.20	20.20
Widowed mother only <sup>2</sup> .....	4.7	4.7	20.80	19.90	19.90
Widowed mother and 1 child.....	72.6	145.2	36.00	34.60	34.40
Widowed mother and 2 children.....	41.2	123.6	49.80	48.20	47.30
Widowed mother and 3 or more children.....	23.9	97.5	53.00	51.40	50.10
1 child only.....	95.9	95.9	13.40	13.00	12.90
2 children.....	43.4	86.7	26.20	25.10	24.90
3 children.....	17.5	52.5	37.10	35.50	35.10
4 or more children.....	22.5	91.8	48.60	46.80	45.80
1 aged parent.....	10.1	10.1	13.70	13.20	13.20
2 aged parents.....	.9	1.8	26.70	25.60	24.70

<sup>1</sup> Figures subject to large probable sampling error because too few cases in sample.

<sup>2</sup> Benefits of child or children were being withheld at end of 1948.