

Family Budget of City Worker

October 1950

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UNITED STATES DEPARTMENT OF LABOR

MAURICE J. TOBIN, *Secretary*

BUREAU OF LABOR STATISTICS

EWAN CLAGUE, *Commissioner*



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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington 25, D. C., March 7, 1951.

The SECRETARY OF LABOR:

I have the honor to transmit herewith estimates of the dollar costs of the City Worker's Family Budget for 4 persons in 34 cities for October 1949 and October 1950. This is a continuation of the project originally undertaken at the request in 1945 of the Labor and Federal Security Subcommittee of the Committee on Appropriations of the House of Representatives instructing the Bureau to find out what it costs a worker's family to live in large cities in the United States, and the relative differences in costs between cities.

Estimates of total budget costs and costs of subgroups of items at March 1946 and June 1947 price levels were published in Bulletin No. 927, "Workers' Budgets in the United States." Since that time, a short-cut procedure has been developed which provides a method of estimating the total budget costs at a considerable saving of time and money; it does not provide, however, reliable estimates of the cost of individual groups of consumption items. (The October 1950 and October 1949 estimates were based on the short-cut procedure.) Costs in 10 cities for October 1949 were also computed by the longer method.

The report was prepared by members of the Prices and Cost of Living Branches under the general supervision of Abner Hurwitz and Eleanor M. Snyder and was originally printed in the Monthly Labor Review, February 1951.

EWAN CLAGUE, *Commissioner.*

HON. MAURICE J. TOBIN,
Secretary of Labor.

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Family Budget of City Worker, October 1950

Total annual cost of the city worker's family budget¹ in 34 large cities of the United States ranged from \$3,453 in New Orleans and \$3,507 in Mobile, to \$3,926 in Washington, D. C., and \$3,933 in Milwaukee, an analysis for October 1950 shows. These are the Bureau's current estimates of the cost of the budget, which was designed to describe a "modest but adequate" standard of living for an urban worker's family of four persons—an employed father, a housewife not gainfully employed, and two children under 15 years of age. Costs of goods, rents and services, payment of personal taxes, Social Security deductions, and nominal allowances for occupational expenses and life insurance are included.

The October 1950 cost of goods and services alone ranged from \$3,178 in New Orleans to \$3,577 in Washington. Comparable costs of the goods and services budget for October 1949 and June 1947 were \$3,064 and \$2,806, respectively, for New Orleans, and \$3,467 and \$3,180 for Washington. Costs of the entire budget and of goods, rents, and services alone, in 34 cities for these three periods, and relative differences in the budget costs are presented in table 2.

Rent, Heat, and Utilities

Higher costs of rental housing² (including rent, heat, and utilities) accounted for a major part of the increase in the cost of the budget between June 1947 and October 1950 in most of the 34 cities. In Houston, for example, where the budget housing costs rose more than in any of the other cities, 60 percent of the total rise in the cost of goods and services between these two dates was due to increased rents. Differences in housing costs in each of the three periods here covered accounted also for most of the variations between cities in the total budget cost. By October 1950, housing costs alone ranged from \$557 in New Orleans to \$977 in Richmond, Va.

In addition, housing cost changes differed substantially in individual cities. Between June 1947

and October 1950, the housing budget advanced from \$506 to \$932 in Houston, and declined from \$657 to \$581 in Mobile. In three-fourths of the cities, estimated costs of housing increased between \$5 and \$20 a month from June 1947 to October 1950. Estimates of the budget cost of rent, heat, and utilities for June 1947, October 1949, and October 1950 appear in table 1.

More important in raising housing costs was the addition of newly constructed units to the housing supply at higher rentals. The volume of postwar residential construction and the predominant types of new units built varied from city to city.

TABLE 1.—Cost of rent, heat, and utilities in 34 cities and relative intercity differences, October 1950, October 1949, and June 1947

City	Dollar costs ¹			Relative differences (Washington, D. C.= 100)		
	October 1950	October 1949	June 1947	October 1950	October 1949	June 1947
Atlanta, Ga.	\$903	\$881	\$597	93	92	79
Baltimore, Md.	849	843	660	87	88	87
Birmingham, Ala.	748	652	589	77	68	78
Boston, Mass.	776	754	624	80	79	83
Buffalo, N. Y.	754	736	522	78	77	69
Chicago, Ill.	797	780	671	82	82	89
Cincinnati, Ohio.	867	860	573	89	90	76
Cleveland, Ohio.	691	670	552	71	70	73
Denver, Colo.	813	799	571	84	84	76
Detroit, Mich.	743	729	593	76	76	78
Houston, Tex.	932	837	506	96	88	67
Indianapolis, Ind.	666	650	561	69	68	74
Jacksonville, Fla.	858	833	560	88	87	74
Kansas City, Mo.	660	641	497	68	67	66
Los Angeles, Calif.	779	740	534	80	77	71
Manchester, N. H.	718	701	557	74	73	74
Memphis, Tenn.	827	816	611	85	85	81
Milwaukee, Wis.	876	825	656	90	86	87
Minneapolis, Minn.	769	761	656	79	80	87
Mobile, Ala.	581	561	657	60	59	87
New Orleans, La.	557	546	446	57	57	59
New York, N. Y.	708	706	664	73	74	88
Norfolk, Va.	780	735	592	80	77	78
Philadelphia, Pa.	761	754	569	78	79	75
Pittsburgh, Pa.	760	708	607	78	74	80
Portland, Maine.	691	685	594	71	72	79
Portland, Oreg.	714	693	547	73	72	72
Richmond, Va.	977	889	661	101	93	87
St. Louis, Mo.	718	703	654	74	74	87
San Francisco, Calif.	730	718	557	75	75	74
Savannah, Ga.	700	640	607	72	67	80
Scranton, Pa.	674	652	551	69	68	73
Seattle, Wash.	771	748	610	79	78	81
Washington, D. C.	972	956	756	100	100	100

¹ Average rent paid in each city for tenant-occupied dwellings that conform to the housing standards specified for the budget plus the cost of required amounts of heating fuel, gas, electricity, water, refrigerator, and stove. Variations in local practices with respect to the inclusion of these items in monthly rental quotations and differences in requirements of heating fuel due to climate are taken into account in calculating housing costs.

TABLE 2.—Estimated total cost of budget and total cost of goods, rents, and services, 34 cities and their relative differences October 1950, October 1949, and June 1947¹

City	Estimated total cost of budget ²			Estimated cost of goods, rents, and services only ²			Relative differences—(Washington, D. C.=100)					
							Total cost of budget			Cost of goods, rents, and services only		
	October 1950	October 1949	June 1947	October 1950	October 1949	June 1947	October 1950	October 1949	June 1947	October 1950	October 1949	June 1947
Atlanta, Ga.	\$3,833	\$3,613	\$3,240	\$3,495	\$3,333	\$2,926	98	96	91	98	96	92
Baltimore, Md.	3,773	3,648	3,345	3,444	3,355	3,012	96	97	94	96	97	95
Birmingham, Ala.	3,720	3,451	3,338	3,370	3,164	2,977	95	91	94	94	91	94
Boston, Mass.	3,807	3,689	3,391	3,488	3,305	3,048	97	95	96	97	95	96
Buffalo, N. Y.	3,668	3,488	3,180	3,350	3,228	2,879	93	92	90	94	93	91
Chicago, Ill.	3,745	3,605	3,369	3,424	3,323	3,036	95	96	95	96	96	95
Cincinnati, Ohio	3,733	3,599	3,202	3,414	3,323	2,897	95	95	90	95	96	91
Cleveland, Ohio	3,630	3,461	3,282	3,327	3,205	2,964	92	92	93	93	92	93
Denver, Colo.	3,739	3,553	3,253	3,415	3,282	2,940	95	94	92	95	95	92
Detroit, Mich.	3,750	3,662	3,381	3,428	3,291	3,046	96	94	95	96	95	96
Houston, Tex.	3,875	3,605	3,094	3,531	3,325	2,806	99	96	87	99	96	85
Indianapolis, Ind.	3,599	3,401	3,181	3,266	3,125	2,857	92	90	90	91	90	90
Jacksonville, Fla.	3,777	3,633	3,224	3,451	3,352	2,916	96	96	91	96	97	92
Kansas City, Mo.	3,524	3,336	3,093	3,236	3,099	2,807	90	88	87	90	89	88
Los Angeles, Calif.	3,789	3,630	3,333	3,431	3,319	2,976	97	96	94	96	96	94
Manchester, N. H.	3,658	3,399	3,216	3,347	3,149	2,905	93	90	91	94	91	91
Memphis, Tenn.	3,784	3,585	3,305	3,457	3,311	2,981	95	93	93	97	96	94
Milwaukee, Wis.	3,933	3,645	3,410	3,553	3,339	3,084	100	97	96	99	96	96
Minneapolis, Minn.	3,718	3,512	3,337	3,376	3,232	3,033	95	93	96	94	93	96
Mobile, Ala.	3,507	3,343	3,364	3,190	3,072	2,999	89	89	95	89	89	84
New Orleans, La.	3,453	3,295	3,092	3,178	3,064	2,806	88	87	87	89	88	88
New York, N. Y.	3,649	3,458	3,430	3,334	3,203	3,086	93	92	97	93	92	97
Norfolk, Va.	3,715	3,522	3,338	3,376	3,232	2,993	95	93	94	94	93	94
Philadelphia, Pa.	3,699	3,558	3,286	3,339	3,252	2,934	94	94	93	93	94	92
Pittsburgh, Pa.	3,779	3,630	3,378	3,450	3,261	3,043	96	94	95	96	94	96
Portland, Maine.	3,622	3,392	3,286	3,317	3,144	2,964	92	90	93	93	91	93
Portland, Oreg.	3,690	3,425	3,251	3,343	3,148	2,920	94	91	92	93	91	92
Richmond, Va.	3,890	3,663	3,315	3,520	3,349	2,974	99	97	93	98	97	94
St. Louis, Mo.	3,639	3,471	3,325	3,323	3,196	2,999	93	92	94	93	92	94
San Francisco, Calif.	3,808	3,654	3,399	3,447	3,340	3,031	97	97	96	96	96	95
Savannah, Ga.	3,557	3,318	3,240	3,264	3,083	2,929	91	88	91	91	89	92
Scranton, Pa.	3,598	3,358	3,249	3,279	3,115	2,936	92	89	92	92	90	92
Seattle, Wash.	3,808	3,582	3,475	3,477	3,308	3,124	97	95	95	97	95	95
Washington, D. C.	3,926	3,773	3,546	3,677	3,467	3,180	100	100	100	100	100	100

¹ The June 1947 costs of the city worker's family budget published in this report vary somewhat from those published in the February 1948 issue of the Monthly Labor Review. Changes in the method of estimating food costs increased the total cost of goods and services by about .65.

² In addition to goods, rents, and services, includes personal taxes, life insurance, employment insurance, and occupational expenses.

³ Includes food, rent, heat and utilities, housefurnishings, household operation, clothing, medical care, transportation, reading and recreation, personal care, tobacco, gifts and contributions, and miscellaneous items.

However, the over-all effect was to raise the average rental level, because rents of new units were almost always above those prevailing for older (rent controlled) dwellings. Part of the change in the budget cost of rent, heat, and utilities from June 1947 to the two later dates reflects shifts which have occurred within each city in the distribution of types of dwelling units which meet the budget standard. In some cities, the volume of new residential construction was insignificant; in other cities where the volume of residential building was greater, new units were chiefly of higher cost types. Thus, differences in budget housing costs between cities as well as in time-to-time changes within each city include the differential effect of the kinds of new units added to the housing market.

Estimates of housing costs in 1949 and 1950 are based on information obtained in comprehen-

sive dwelling unit surveys conducted by the Bureau between December 1949 and February 1950.³ The survey data thus obtained were adjusted to October 1949 and October 1950 by applying the percentage change in the rent compo-

TABLE 3.—Comparison of total cost of goods and services budget based on comprehensive and short-cut procedures, 10 cities, October 1949

City	Cost of goods and services using—		Difference	
	Comprehensive	Short-cut	Amount	Percent
Birmingham, Ala.	\$3,164	\$3,164	0	0
Boston, Mass.	3,307	3,305	-\$2	-0.1
Chicago, Ill.	3,321	3,328	+7	+0.2
Denver, Colo.	3,264	3,282	+18	+0.6
Detroit, Mich.	3,254	3,291	+37	+1.1
Houston, Tex.	3,299	3,325	+26	+0.8
Kansas City, Mo.	3,084	3,099	+15	+0.5
Los Angeles, Calif.	3,337	3,319	-18	-0.5
New York City, N. Y.	3,216	3,203	-13	-0.4
Pittsburgh, Pa.	3,261	3,261	0	0

ment of the Consumers' Price Index between these dates and the month in which the dwelling unit survey was conducted in each city. Inter-city differences in changes in costs for rent, heat, and utilities after June 1947 resulted from a number of factors which varied in importance from city to city. Between June 1947 and October 1950, rents were decontrolled in 8 of the 34 cities and in suburban areas of 2 cities.⁴ Rent increases

following decontrol action are reflected in the higher costs of housing in these cities.

Other Components of CWFB

Estimated costs of goods and services, exclusive of rent, heat, and utilities, varied among the 34 large cities by about \$200 or less at successive pricing dates.

TABLE 4.—City worker's family budget for 4 persons—10 large cities of the United States, October 1949 and June 1947¹

Item	Birmingham		Boston		Chicago		Denver		Detroit		Houston		Kansas City		Los Angeles		New York		Pittsburgh	
	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947	Oct. 1949	June 1947
Food ²	\$1,150	\$1,128	\$1,153	\$1,128	\$1,153	\$1,123	\$1,116	\$1,108	\$1,127	\$1,130	\$1,160	\$1,094	\$1,107	\$1,086	\$1,117	\$1,115	\$1,172	\$1,160	\$1,149	\$1,131
Food at home ³	1,019	999	1,022	999	1,022	995	988	981	998	1,001	1,029	969	980	961	989	988	1,039	1,023	1,018	1,002
Housing.....	768	702	874	738	894	787	917	683	847	707	951	620	757	610	857	651	829	783	824	716
Rent, heat, and utilities ⁴	652	589	754	624	780	671	799	571	730	593	837	506	641	497	740	534	706	664	707	607
Housefurnishings ⁵	86	81	90	81	84	85	87	79	87	83	84	83	85	80	87	85	92	86	87	78
Household operation ⁶	30	32	30	33	30	31	31	33	30	31	30	31	31	33	30	32	31	33	30	31
Clothing ⁷	459	425	449	420	470	451	453	434	448	445	430	403	449	410	460	427	431	473	460	453
Medical care ⁸	182	161	183	165	185	149	176	159	190	180	181	167	176	152	248	222	210	165	181	157
Transportation ⁹	289	261	317	290	263	199	288	256	296	256	263	241	281	253	318	247	244	183	310	265
Automobile owners ¹⁰	356	327	385	354	414	335	352	315	357	310	321	299	335	309	375	298	435	351	379	326
Nonowners of automobiles.....	101	73	123	109	162	108	107	88	122	104	96	76	129	95	156	101	117	70	113	93
Other goods and services.....	316	300	331	307	356	327	314	300	346	328	314	281	314	296	337	314	330	322	337	321
Reading and recreation ¹¹	66	63	92	83	102	93	75	80	93	95	74	70	78	76	98	93	95	90	90	88
Personal care ¹²	60	57	59	56	71	63	64	59	68	65	64	55	60	55	66	65	61	59	65	62
Tobacco.....	44	41	43	40	41	39	35	33	40	31	39	38	37	36	35	33	40	36	42	39
Public school expenses ¹³	20	20	5	5	10	10	10	10	15	15	5	5	15	15	5	5	5	5	10	10
Gifts and contributions ¹⁴	86	80	90	83	90	83	89	80	89	83	90	76	84	77	91	80	88	83	89	83
Miscellaneous ¹⁵	40	39	42	40	42	39	41	38	41	39	42	37	40	37	42	38	41	40	41	39
Total cost of goods and services.....	3,164	2,977	3,307	3,048	3,321	3,036	3,264	2,940	3,254	3,046	3,299	2,806	3,084	2,807	3,337	2,976	3,216	3,086	3,261	3,043
Other outlays ¹⁶	287	361	284	343	276	333	268	313	264	335	276	288	234	286	314	357	257	344	269	335
Taxes ¹⁷	120	194	147	206	139	196	131	176	127	198	139	151	97	149	147	190	120	207	132	198
Estimated cost of the budget.....	3,451	3,338	3,591	3,391	3,597	3,369	3,532	3,253	3,518	3,381	3,575	3,094	3,318	3,093	3,651	3,333	3,473	3,430	3,530	3,378

¹ Revision of the 1947 food estimates (see p. 5 for explanation of changes in calculation procedures) increased the estimated cost of food in 1947 by \$63 to \$1,128 and the total goods and services by \$65 to \$74, over the figures previously published.

² Includes meals and between-meal food and beverages purchased and consumed away from home.

³ Food and beverages purchased for meals prepared at home, including lunches that are carried to work or school.

⁴ Average rent paid in each city for tenant-occupied dwellings that conform to the housing standards specified for the budget, plus the cost of required amounts of heating fuel, gas, electricity, water, refrigerator, and stove. Variations in local practices with respect to the inclusion of these items in monthly rental quotations and differences in requirements of heating fuel due to climate are taken into account in calculating housing costs.

⁵ Furniture; equipment and appliances such as washing machine, electric iron, toaster, and fan; housewares such as dishes, cooking utensils, brooms, and mops; textile housefurnishings such as sheets, towels, and table linens.

⁶ Soaps and other supplies for cleaning and laundry, matches, household paper supplies, etc.

⁷ Includes shoe repairs, dry cleaning, and supplies for home cleaning and mending. Some allowance is made for differences in requirements of heavy and light clothing, due to climate.

⁸ Includes medical, dental, and hospital services; medical supplies; and eyeglasses. Hospital service includes family membership in group hospitalization plan.

⁹ Average costs of automobile owners and nonowners weighted by the following proportions of families: for New York City and Chicago, 40 percent of automobile owners, 60 percent of nonowners; for other cities, 74 percent and 26 percent, respectively.

¹⁰ Includes annual allowance of \$107 in 1947 and 1949 for automobile purchase.

¹¹ Newspapers, magazines, movies, radios, toys, games, pets, and dues to civic and social clubs.

¹² Barber and beauty shop services, toilet soap, dentifrices, shaving supplies, cosmetics, etc.

¹³ Textbooks and other supplies not furnished by the public schools, and outlays for school games and entertainment.

¹⁴ Christmas and birthday presents to persons outside the family, contributions, and community welfare. Estimated as 2.8 percent of the cost of other goods and services.

¹⁵ Lodging away from home, music lessons for the children, legal service, and garden supplies. Estimated as 1 percent of the cost of other items (excluding gifts and contributions) plus \$10 which represents the cost of communication (telephone calls, stamps, and stationery supplies).

¹⁶ Taxes, life insurance (\$85), employment insurance, and occupational expenses (\$22) such as union or association dues, special clothing, and equipment required by the occupation. Employment insurance for most cities is covered by \$30 (1 percent on first \$3,000 of wages) for employee contribution to Federal Old Age and Survivors Insurance. In Birmingham and Los Angeles there is an additional \$30 for unemployment or disability insurance.

¹⁷ Income taxes Federal and State; poll or other per capita taxes.

The budget includes outlays for Social Security deductions, unemployment compensation deductions in States where such insurance is obligatory, an allowance of \$22 for occupational expenses, \$85 for life insurance, and personal taxes (Federal, State, and local income taxes, and poll taxes). Reductions in Federal income tax rates between 1947 and 1949 lowered total tax payments of budget families about \$55 on the average, the exact amount depending on the level of budget costs in each year. A four-person family with an income of \$3,300 would pay Federal income tax of about \$184 in 1947, \$95 in 1949, and \$99 in 1950; other personal taxes vary by State and community. (The calendar year is the base in each case.)

Comparability of Estimates

In preparing the 1949 and 1950 estimates of the budget costs, every effort was made to maintain comparability with the 1946 and 1947 estimates. No basic changes were introduced in the original quantity weights, and the same comparability of goods and services was maintained in the calculations for each period.

The budget costs for the two earlier years, 1946 and 1947, were based on representative retail prices collected in the 34 cities for more than 300 items. Price collection and processing on such a large scale was extremely costly and time consuming. Accordingly, the Bureau undertook to develop a short-cut procedure which utilizes retail-price data for about 60 items and average rents for a representative sample of 5-room dwelling units meeting the budget standard. The number of items priced in the short-cut method is too limited to provide reliable estimates of dollar costs or intercity indexes for groups of items included in the budget. The estimating formula can be used only to obtain total costs of the goods, rents, and services budget, and indexes based on these totals. It has been tested for 10 cities in which October 1949 prices were obtained for the comprehensive list of over 300 items, and the differences between the two are shown in table 3. For the 10 cities in which the comprehensive list of items was priced in October 1949, costs of the CWFB by major component groups were computed separately. These figures and the comparable data for June 1947 are given in table 4.

On the basis of this and similar tests made previously, using March 1946 and June 1947 prices, the procedure was considered sufficiently reliable for estimating the total budget cost for each of the 34 cities for which price and rent information was available. By this procedure, budget costs can be estimated and intercity differences can be compiled for periods in which price relationships are stable. When the cities are ranked in order of estimated budget costs, the difference (both in absolute and relative terms) between each successive city often is not significant, and errors of estimate are often sufficient to cause minor shifts in the relative position of individual cities. The estimated intercity indexes which appear in table 2 thus should be used as rough indicators of a city's relative position in the cost scale and not as precise measurements.

Changes in Estimating City Worker's Family Budget

Estimated costs of the city worker's family budget for four persons in 34 cities in October 1949 and October 1950 given on page 2 are based on the same budget concepts and basic quantity weights used in March 1946 and June 1947 (described in the Monthly Labor Review for February 1948). Methodological changes were introduced, however, and are described below.

Goods, Rents, and Services

Average retail prices of over 300 items entered into the cost computations for 1946 and 1947, compared with about 60 items for 1949 and 1950. In selecting the shortened list, price relationships were analyzed to determine the single item or the few items in a subgroup that would best reflect the level of prices of the entire subgroup. Quantity weights of the 300 items originally priced were then allocated among those in the short list. The imputation pattern was based on the relationship between costs of the single or few priced items within each subgroup and the full list of items originally included in the subgroup. A detailed description of the methodology was published in the March 1949 issue of the Monthly Labor Review (p. 315).

Subsequently, the basic formulas have been adjusted so that the short-cut procedure can also

be used to estimate the average cost of goods, rents, and services combined; the original formula was designed to measure only relative intercity differences in costs of the CWFB. Errors of estimate in the group and subgroup totals in this short-cut procedure, tend to cancel out in summation. Therefore, only the estimates for the total budget are considered valid.

Price Collection Dates

Except for seasonal items, the budget covers a year's purchases, based on prices as of the specified date. For the two earlier budget calculations, prices for nonseasonal items were collected in March 1946 and June 1947, respectively, in all 34 large cities. For 1949 and 1950, the price collection date was not the same in all cities for all items. Food prices were collected in October in all 34 cities; prices of other goods and services were obtained during October in 18 cities, in September in 8, and in November in the remaining 8. The pricing cycle in each city is that established for collection of prices for the Consumers' Price Index.

Calculation of Food Costs

In determining the cost of the food budget, linear regression equations were used to estimate the average price for a group of foods, based on actual prices of a small number of items in the group. For example, the average price of all cereal and bakery products was estimated from the relationship between the group average and white bread and soda cracker prices. These equations are of the form $Y = a + b_1X_1 + \dots + b_nX_n$ where Y is the average price for a whole food group; the X_i 's are prices for selected items in the group, and the a and b_i 's are constants of the equation.

The coefficients of the estimating equations were derived by multiple regression techniques, using data from the study, "Money Disbursements of Wage Earners and Clerical Workers, 1934-36." The period 1934-36 was one of low prices, and when the estimating equations were applied to the relatively higher prices for the later periods, the resultant estimated average prices were found to be biased downward.

To correct for this bias, a simple adjustment for changes in price levels was made by applying to the a term of each equation the relative change in the retail food price subgroup index most similar to that group for which the average price was being estimated. The adjustment was as follows:

$$a' = a + \left(\frac{I_n}{I_o} - 1 \right) |a|$$

where a = original coefficient of the basic equation.

a' = adjusted coefficient.

I_n = price index at time n for the food subgroup represented in the estimating equation.

I_o = comparable 1935 annual food price index.

$|a|$ = the absolute value of a which was chosen to permit a positive adjustment even when a is negative.

This adjustment procedure had not been applied in previously published food budget costs for March 1946 or June 1947. Therefore, in order to maintain comparability between the cost estimates for June 1947, October 1949, and October 1950, food costs for June 1947 were recalculated by applying the adjustment just described. The effect was to increase the 1947 food budget about \$65 above the costs originally published.

Rent, Heat, and Utilities

It was unnecessary to use a short-cut method of estimating costs of rent, heat and utilities in the October 1949 and October 1950 budgets because current dwelling unit survey data were available for all 34 cities. The budget costs for this category thus are not subject to the estimating errors found in the other groups of goods and services.

The March 1946 and June 1947 costs of rent, heat, and utilities were based on representative city samples of five-room dwelling units which met the budget standard.³ Both furnished and unfurnished units were included, and rents for furnished units were adjusted downward to exclude the rental cost of furnishings. In October 1949 and October 1950, the CWFB cost of rent, heat, and utilities was based only on unfurnished units.

¹ The BLS published estimates of the cost of the CWFB in 34 cities at the price levels of March 1946 and June 1947, in the Monthly Labor Review, February 1948. The development of the budget and the determination of its costs was undertaken in response to a directive by the Labor and Federal Security Subcommittee of the House Committee on Appropriations, to "find out what it costs a worker's family to live in the large cities of the United States." The CWFB was designed to describe a "modest but adequate" standard of living. It was not intended to be a "subsistence" or a "maintenance" budget. In the words of the Technical Advisory Committee which assisted in its development, the budget represents "the necessary minimum"; it covers conventional and social as well as biological needs. The goods and services included in the budget and their quantities are those which were considered essential according to community standards prevailing during the *prewar* period. The list of items, together with a detailed description of how the budget was derived, is given in Bulletin No. 927, Workers' Budgets in the United States. Copies of this report are available from the Bureau of Labor Statistics.

² The estimates of housing costs for the budget family are based on 5-room dwellings which meet the housing standards established by the American Public Health Association's Committee on Hygiene of Housing and the Federal Public Housing Administration. Only units meeting the following specifications were included in the budget calculations:

"Five-room dwelling—house or apartment—including kitchen, with sink and installed stove, hot and cold running water; with a complete private bath including wash bowl, flush toilet, and tub or shower; electricity for lighting; installed heating, either central or other type, such as base burner, pipeless furnace, or stoves, depending upon the climate of the specific city. (Central heating was generally required in cities where the normal January temperature is 40° F. or colder, and central or other installed heating for cities with warmer climates.)" Dilapidated dwellings were excluded, i. e., if they had deficiencies in physical construction rendering them inadequate or unsafe as shelter, or several lesser deficiencies which in combination render them inadequate or unsafe, or were of makeshift or inadequate construction. All units included were located in neighborhoods with play space for children, not adjacent to certain specified hazards to health and safety, and accessible to public transportation.

³ March 1946 and June 1947 estimates were derived from dwelling unit surveys conducted in 1944 and 1945.

⁴ Federal rent controls were lifted as follows: Birmingham, May 1950; Houston, October 1949; Jacksonville, August 1949; Milwaukee, August 1949 (State control until May 1950); Mobile, May 1950; Norfolk, March 1950; Richmond, June 1950; Savannah, March 1950; Los Angeles suburbs, November 1949 to June 1950; Virginia suburbs of Washington, D. C., June 1950.