

**An Overview of Recent Work on Standard Budgets  
in the United States and Other Anglophone Countries**

by

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For an earlier version of much of the material in this paper, see the sections entitled "The Budget Standards Approach" and "The 'Consensual Budget Standards' Approach" in Fisher (2001).

## **Executive Summary**

A “standard budget” is a list of goods and services that a family of a specified size and composition would need to live at a designated level of well-being, together with the costs of those goods and services. Considerable work on standard budgets has been done in the United States and other countries in recent years, mostly by non-government analysts. Budgets have not been used to develop official poverty lines, and in most cases have not been used to calculate the size of a nation’s low-income population. This paper provides an overview for American policy analysts and poverty researchers of this recent work on standard budgets. Advantages and disadvantages of the methodology are also discussed.

### Standard Budgets in the U.S.

Although the standard budget methodology can be used to develop a poverty measure, neither the current official U.S. poverty measure nor the alternative poverty measure proposed in 1995 by the National Research Council’s Poverty Panel uses this methodology (despite common misunderstandings to the contrary).

Since the early 1990s, analysts in the U.S. have developed dozens of standard budgets for working families in various states and localities. A number of these budgets have been developed in the context of either the Living Wage movement or welfare-to-work activities. A recent example of such budgets is found in an Economic Policy Institute study that developed standard budgets for 2004 for every metropolitan area and the nonmetropolitan balance of each state. The national median two-parent two-child budget was equal to 209 percent of the corresponding official poverty threshold, while budgets for individual areas ranged from 162 percent (rural Nebraska) to 338 percent (Boston, Massachusetts) of the official threshold.

### Standard Budgets in Canada

In 1992, a conservative Canadian think tank published a book by Christopher Sarlo presenting a standard budget poverty line which was equal to 58 percent of Statistics Canada’s Low Income Cut-Offs (LICOs). In 2003, a Canadian government department released the Market Basket Measure (MBM), a standard budget low income measure which will be used together with other unofficial measures to help track low income trends among Canada’s children. Although its level is hard to compare with that of the LICOs because it uses a different income measure, the MBM yields low income rates that are somewhat higher than those under the LICOs.

### Standard Budgets in Britain

Since 1993, researchers at the nonprofit Family Budget Unit have published detailed budgets for a number of household types at the “modest but adequate” and “low cost but acceptable” standards of living. Besides using the sources of expert knowledge that one would expect, these researchers also took explicit steps to secure input from representatives of the general population to help determine the contents of the budgets. About a dozen of their most recent budget studies are posted on the Family Budget Unit’s web site.

In 2000, health researchers from the London School of Hygiene and Tropical Medicine published a “minimum income for healthy living” standard budget for a single young working man, followed in 2005 by similar budgets for an elderly individual and an elderly couple.

### Standard Budgets in Australia

In 1998, Australian researchers published a report presenting detailed budgets for a number of household types at the “modest but adequate” and “low cost” standards of living. The project took as its starting point the budgets developed by the Family Budget Unit in Britain, modifying them to suit Australian circumstances. The Australian researchers also secured feedback from focus groups to help determine the contents of the budgets. The researchers’ report had been commissioned by Australia’s Department of Social Security; the budgets were not adopted for use by the Australian government, but they have been used by other organizations for various purposes.

### Standard Budgets in Ireland

In 2004, an Irish religious organization published a report presenting detailed budgets for three household types at a “low cost but acceptable” standard of living. The report used the budget standards developed by the Family Budget Unit in Britain, adapting them to Irish conditions. The Irish researchers also secured feedback from focus groups to help determine the contents of the budgets.

### The “Consensual Budget Standards” Approach

One significant variant of the standard budget approach is the “consensual budget standards” approach (developed in Britain), in which the content of the budget is determined not by experts but by ordinary people. Groups are chosen to include persons from differing social backgrounds and economic circumstances so that the results will reflect a social consensus rather than just the opinion of one segment of society. Researchers assist by setting up a framework for the process and by costing the items chosen by the groups.

### Standard Budgets in Other Countries

Other countries in which standard budgets have been developed include Norway, Sweden, the Netherlands, Germany, the former Soviet Union, Czechoslovakia, Hungary, Poland, Malaysia, and Hong Kong. In many of the European countries, the budgets were developed by government agencies for various official purposes.

## Introduction

Although Americans are accustomed to one particular way of identifying needy people, there are a number of alternative approaches or methodologies for developing measures to identify the needy (see, for instance, Callan and Nolan 1991; Townsend 1997). One of these alternatives is the “standard budget” approach. Considerable work using this approach has been done in several countries in recent years, mostly by non-government analysts. This approach has not been used to develop an official poverty line in these countries, and in most cases it has not been used to calculate the size of a nation’s low-income population. In addition, a significant amount of work using this approach has been done by non-government analysts in the U.S. in recent years, although this work does not seem to be as well-known as it might be among the “mainstream” American poverty research community. This paper is written to provide American policy analysts and poverty researchers with an overview of recent work on standard budgets; besides reviewing work in the U.S., it provides examples of work from other Anglophone countries--Canada, Britain, Australia, Ireland, and New Zealand.

### *Definition and Terminology*

A “standard budget” is a list of goods and services that a family of a specified size and composition--and sometimes of a specified social class or occupational group--would need to live at a designated level of well-being, together with the estimated monthly or annual costs of those goods and services (Innes 1990; Orshansky 1959). The actual expenditures of an existing family or group of families do not constitute a standard budget (Gordon and Spicker 1999). An exercise in which a predetermined dollar (or pound sterling or Euro) total is allocated among various family consumption categories also does not constitute a standard budget.

Although they are traditionally associated with minimum living standards, standard budgets can be developed to represent any standard of living, from poverty or subsistence to comfort (Bradshaw 1993; Fisher 1997).

The technical term “standard budget” is used particularly in the older American literature (Fisher 1997; Barrington and Fisher 2006) about unofficial poverty lines and budgets. Today Americans sometimes use the phrase “market basket” for this concept, but that phrase is sometimes used so loosely and imprecisely that it is avoided here. Other terms used for the “standard budget” concept in recent American literature include “basic needs budget” (e.g., Renwick and Bergmann 1993; Seguino 1995), “family budget” (Schwarz and Volgy 1992), and “expert budget” (Citro and Michael 1995). In other countries such as Britain and Australia, the term used for this concept in recent literature is “budget standard(s)”--presumably a historical variant of the earlier term (apparently first used in the report described in Watts 1980).

## *Historical Background*

Standard budgets are one of the oldest methods of exploring living standards and setting poverty lines and other measures of income inadequacy (Gordon and Spicker 1999). In the U.S., a 33-item standard budget was published as early as 1891, and dozens of standard budgets at various standards of living were developed between about 1902 and 1920, during the Progressive Era. These budgets were generally for individual cities, and were generally developed by social workers or other private investigators, although a few isolated budgets were developed by employees of federal government agencies; the developers of these budgets were generally working to improve the living conditions of urban industrial workers and their families. Standard budgets continued to be developed during the 1920s and 1930s, but on a somewhat more routinized basis. After World War II, the U.S. Bureau of Labor Statistics developed and updated standard budgets--all at standards of living higher than poverty--between the late 1940s and the early 1980s; these included the City Worker's Family Budget at a "modest but adequate" standard of living, published in 1948 and updated until the early 1950s, and three budgets at "lower," "moderate" or "intermediate," and "higher" standards of living, published in 1969 and updated until the early 1980s. In general, however, the standard budget methodology fell into disfavor in the United States during the 1960s, 1970s, and 1980s (Fisher 1997; Fisher 2001; Sherwood 1977). It is not entirely clear why this methodology fell into disfavor, but two contributing factors appear to have been a turnover of generations among analysts and a change in intellectual trends or paradigms.

In Britain, the earliest well-known standard budget was the "primary poverty line" developed by Quaker industrialist and reformer B. Seebohm Rowntree (1901). About a dozen standard budgets were developed between 1901 and 1951, most of them at a stringent minimum subsistence ("primary poverty") level but a few at a somewhat higher standard (Townsend 1952; Veit-Wilson 1992). The standard budget methodology became quite unpopular in Britain after World War II, "partly because of their [budget standards'] association with minimum subsistence and absolute concepts of poverty, partly because of their quasi-scientific pretensions and partly, possibly, because they are difficult to put together and keep up-to-date" (Bradshaw 1991; Bradshaw 1993).

In Canada and Australia, a few standard budgets were developed between the World Wars, some of them at levels higher than minimum subsistence (Fisher 1995; Saunders 1998). In Australia, standard budgets fell out of favor for much of the post-World-War-II period (Saunders 1998).

## *Developing Standard Budgets--Who and How*

Standard budgets are traditionally developed on the basis of decisions made by experts, rather than on the basis of input from (a sample representing) the general population, as in the case of "subjective" poverty lines (Watts 1980; Walker 1987). However, this tradition has been undergoing some change in recent years, as can be seen in the material below. Some researchers have developed procedures to secure feedback and comments on the content of their work from

groups representing the general population. Other researchers have developed a methodology in which members of the general population rather than experts develop the content of a budget standard.

There are several variant approaches to developing standard budgets (Citro and Michael 1995). In one variant, a detailed, comprehensive list of budget items is drawn up--for instance, individual clothing items are specified, rather than simply having a "clothing" category. The National Research Council's 1995 Panel on Poverty and Family Assistance called this the "detailed budget approach." In another variant, expenditure amounts are specified for a relatively small number of consumption categories; the expenditure amount for an individual category is often a single aggregate, although it can also be based on a detailed list of items--for instance, one of the U.S. Department of Agriculture's food plans. The Poverty Panel called this the "categorical approach." Most recent American standard budgets were developed using the categorical approach.

Ideally, the cost of each category of a standard budget would be determined by adding up the costs of a list of specific goods and services under that category that the budget developers determine to be needed for a family to live at the standard of living which the budget represents.

In practice, however, some standard budgets developed using the categorical approach determine the cost of the residual or "other" category not from a list of specific goods and services but by setting it at a percentage of the cost of all other categories or of certain other major categories. A few other standard budgets determine the cost of certain categories on the basis of actual average consumer expenditures, either of all families/persons or of lower-income families/persons. However, other researchers have criticized the procedure of basing budget components on the actual expenditures of lower-income families, since it makes the assumption that their actual spending is adequate to meet the needs in question; due to the resource constraints that these families experience, these researchers posit that the actual spending of these families is not adequate to meet the needs in question (Bernstein et al. 2000).

#### *Advantages and Disadvantages of the Standard Budget Approach*

The standard budget approach has been commented on from widely differing viewpoints. In addition, the ways in which the standard budget approach has been implemented have varied from one period and one country to another, so that comments made during one decade in one country may not be applicable in other decades or countries. Bearing those points in mind, this subsection discusses some of the major advantages and disadvantages of this approach.

A number of analysts have criticized standard budgets for not being "objective" and "scientific," because in practice "arbitrary" judgments are always made in developing them (Stanton 1973; U.S. Department of Health, Education, Education, and Welfare 1976; Watts 1980; Social Welfare Policy Secretariat [Australia] 1981; Callan and Nolan 1991). "The various arbitrary judgements that have to be made rob the budgetary approach of its claim to be based on scientific rigor with minimum attention to value judgements" (Stanton 1973). "Even for food, nutritional studies do not permit a precise estimate of what is 'needed'....For other expenditures,

and to some extent for food as well, 'needs' as defined by experts will be based on what are in effect *social* rather than scientific criteria, and with a significant degree of arbitrariness" (Callan and Nolan 1991--italics in original). Such criticisms appear to have been more common during periods when standard budgets were unpopular.

More recently, however, some analysts have taken a more nuanced, less positivist view on this issue. "It is not a criticism of the poverty thresholds that result from expert-based [standard budget] approaches to say that they embody judgments that almost always reflect the conditions of the society for which those judgments are made. This statement is true of other poverty thresholds as well" (Citro and Michael 1995). "...there is now widespread acceptance of the idea that *any* adequacy standard or poverty line must reflect value judgements....It follows that the derivation of budget standards is also an exercise which involves judgement and, therefore, that this feature is not itself sufficient to discredit the budget standards approach to adequacy" (Saunders et al. 1998--italics in original; see also Howard 1982).

A number of analysts have pointed out that one significant advantage of the standard budget approach is its transparency; based on the specific goods and services included in a budget, not only technical experts but also members of the general public can clearly see the style of life that families on the budget would be leading (Draper 1980; Callan and Nolan 1991; Bradshaw 1993; Renwick and Bergmann 1993). Even two analysts who criticize budgets as not "scientific" have stated that "This type of analysis is of value...in illustrating in a concrete and evocative way what it actually *means* to be on these income levels" (Callan and Nolan 1991). In contrast, it is much more difficult to discern clearly what style of life is implied by a poverty line set at a particular percentage of median income, or a poverty line calculated using a particular multiplier and food plan.

An advantage of the standard budget approach sometimes cited in connection with transparency is the approach's flexibility. It is easy for people debating a budget to propose adding or taking out a specific item, or changing a specific assumption in it (Bradshaw 1993; Saunders et al. 1998). "...if any reader...believe[s] there is something included in the budget that does not represent what they understand to be modest-but-adequate or low cost budget, they can take it out. And if there are things that have been left out which they think should be put in, they can incorporate these, and change the budget....Budget standards have the capacity to bring the analysis of living standards alive, and can be used and adapted by the person in the street and policy makers in a way that the results of other measures of living standards cannot" (Bradshaw 1993). A debate on changing a specific item or assumption in a budget is perhaps somewhat more likely to remain focused on the merits of the specific change, rather than becoming a simple shouting match of "The total should be lower!" vs. "The total should be higher!"

Any standard budget is, of course, the result of agreement among the members of the team that produced it. However, one possible disadvantage of the standard budget approach is that it may be difficult to get a broader agreement or consensus among various groups in society that a particular standard budget represents "poverty" or a socially acceptable minimum standard of living (assuming that is the standard that the budget was developed to represent). Indeed, an



attempt was made in Australia in 1980 to get a number of organizations and government departments dealing with the poor to agree on the components of a “minimum decent standard of living” in Australia. This attempt was not successful, in large part because of a lack of substantive consensus, and in part because “[m]any agencies” providing assistance to families in crises indicated that “[i]deas of what would be an adequate income” were not relevant to their activities (Social Welfare Policy Secretariat [Australia] 1981; see also Saunders et al. 1998). However, other analysts would note that even in the absence of a broader social consensus or agreement on particular standard budgets, a number of private and public organizations have been able to use those budgets to accomplish tasks that the organizations felt to be worth doing (see, for instance, Wider Opportunities for Women 2003; Saunders 2004b; Human Resources and Social Development Canada 2006). Furthermore--as in the case discussed above of both budget and non-budget poverty lines embodying judgments--it is also difficult to get a broad social consensus on poverty lines derived using non-budget methodologies. For example, a number of analysts have challenged the validity of such poverty or low-income lines as the Orshansky poverty thresholds in the U.S. (for instance, Citro and Michael 1995; Pearce 2005), the Low-Income Cut-Offs in Canada (for instance, Sarlo 1992), and the Henderson poverty line in Australia (see Saunders 2000).

Various relationships between standard budgets and actual household spending and behavioral patterns are sources of other potential disadvantages of the standard budget methodology. In some cases--for instance, some Progressive-Era American budgets and pre-World-War-II British budgets--either the total budget or the food budget differs significantly from the consumption patterns of the relevant low-income population (Townsend 1952; Dowler 2002; cf. Ogburn 1918). The type of problem involved is concisely described by Saunders (1998): “In the area of food, for example, a diet consisting mainly of lentils and brown rice may meet the [official Australian] dietary guidelines, but be of little relevance to the actual eating habits of the vast majority of Australians.” Budgets of this type are generally characterized by a strong emphasis on minimizing the cost of the (total or food) budget. Probably the ultimate example of such budgets was the hypothetical “minimum cost diet” or “cost of subsistence” developed by Stigler (1945); it comprised precisely five foods (wheat flour, evaporated milk, cabbage, spinach, and dried navy beans) at a 1939 cost approximately equal to three fifths of the cost of the U.S. Department of Agriculture’s “restricted diet for emergency use” (the cheapest of the Department’s four diets of the 1930s, and the remote predecessor of the economy and thrifty food plans). In a response to Stigler’s article, Phipard and Reid (1948), home economists working in the bureau that developed the Department’s diets, referred to Stigler’s diet as “an entertaining exercise in arithmetic,” but indicated that it was not useful as a guide either “to families in their choice of foods or to administrators in gauging food allowances needed to provide a given standard of consumption for a special group or for the entire population.” “Subsistence implies to continue to exist. To do this people not only must have a diet that will provide the nutrients needed but also one that they will eat.” Some researchers have criticized such (total or food) budgets for implicitly imposing unrealistic expectations on the low-income families for whom they are developed (Townsend 1954; Dowler 2002). “We can not go on the assumption that the housewife can purchase food values with the skill of a domestic-science expert, or that she has the will power of a Puritan” (Ogburn 1918).

In other cases, the problem is that rather than differing too greatly, the standard budget is conformed too closely to the consumption patterns of the relevant low-income population. An allowance for a family's need in a particular category may be determined on the basis of low-income families' actual expenditures for that category, a practice sometimes referred to as "circularity" (Ogburn 1919; Townsend 1997; Saunders et al. 1998; cf. Bernstein et al. 2000); "budgetary practice may be redefined as budgetary need" (Social Welfare Policy Secretariat [Australia] 1981). "For instance, families of a group of workmen may spend only \$18 a year for sickness; whereas they should spend more, as we know from data gathered in sickness surveys that they need to get more medical attention than \$18 will buy" (Ogburn 1919). Ideally, allowances for family needs in each category of a budget should be set using criteria that are independent of actual spending patterns (Townsend 1997). In practice, it may not be easy to find or develop such independent criteria for all budget categories (Saunders 1998). In any case, the goal should be to develop allowances for budget categories in such a way that the budget does not simply embody the actual spending patterns or resource constraints experienced by the low-income families for whom it is developed (Bradshaw 1993; Saunders 1998).

### **Standard Budgets in the U.S.**

Before recent work on standard budgets in the U.S. is discussed, it may be helpful to clear up some common misunderstandings about how widely this methodology has already been used in this country. A number of people both in the U.S. (see Fisher 1996) and in other countries (Social Welfare Policy Secretariat [Australia] 1981; Callan and Nolan 1991) mistakenly believe that two of the most well-known poverty lines in the U.S. are standard budgets. In actuality, however, these beliefs are not correct:

- The current official U.S. poverty measure does not meet the definition of "standard budget," since the procedure used to develop it did not use a list of specific goods and services (or even a specific dollar amount) for any consumption category other than food (Innes 1990). (However, when considered in isolation, the economy food plan at the core of the current official measure is a partial standard budget for food only.)
- Similarly, the Poverty Panel's 1995 proposal for a new U.S. poverty measure does not meet the definition of "standard budget." Although the Panel's proposal is a dollar range which represents the major consumption categories food, clothing, and shelter/utilities (as an aggregate) plus "a little more," that range is not based on a list of specific goods and services and their prices. However, note that several standard budgets developed by others were among the factors that the Poverty Panel considered when it chose its recommended dollar range for a reference family poverty threshold; in its report, the Panel wrote that its recommended dollar range represented "our own judgment, informed by analysis of thresholds developed from other commonly used concepts, such as expert budgets, relative thresholds expressed as one-half median income or expenditures, and thresholds derived from responses to sample survey questions about the poverty line" (Citro and Michael 1995).

Since the early 1990s, the standard budget methodology has experienced a major resurgence in popularity in the U.S. Based on an examination of relevant articles, chapters, and bibliographies, this development appears to have been independent of developments in Britain, where the standard budget methodology also experienced a resurgence in popularity at roughly the same time.

Since the publication of two standard budgets in 1992 and 1993 (Schwarz and Volgy 1992; Renwick and Bergmann 1993; see also Renwick 1998, particularly on the selection of the budget methodology), analysts in the U.S. have developed dozens of standard budgets for working families in various states and localities. (See, for instance, Seguinto 1995; Kahler and Hoffer 1999; Ristau et al. 2003; California Budget Project 2005.) A number of these budgets have been developed in the context of either the Living Wage movement or welfare-to-work activities. The development of these budgets bears some sociological resemblances to the development of standard budgets in the U.S. between about 1902 and 1920 (see above).

Prominent among these family budgets is the Self-Sufficiency Standard created by Dr. Diana Pearce (Brooks and Pearce 2000). "The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a given place to adequately meet their basic needs--without public or private assistance" (Pearce 2005). Since the mid-1990s, Dr. Pearce has partnered with Wider Opportunities for Women and state organizations and coalitions to develop Self-Sufficiency Standards for at least 34 states and two major metropolitan areas. Figures are calculated by county for 70 different family subtypes. (For a report detailing the various uses of the Self-Sufficiency Standard, see Wider Opportunities for Women 2003. For an analysis comparing the methodologies and results of a Self-Sufficiency Standard and a non-Self-Sufficiency-Standard budget for the same state, see Nielsen-Farrell 2006.)

These standard budgets (including the Self-Sufficiency Standards) have been developed at somewhat stringent levels. "Our...budgets are based on a 'no-frills' standard of living. No money is included for debt payments or skills training. There's no entertainment budget, no restaurant meals, no vacation, and nothing for emergencies, retirement or children's education" (Ristau et al. 2003). "The Self-Sufficiency Standard...is a basic family survival budget, with no frills--no take-out pizza, no movies...no budget for emergencies, car repair or long-term savings" (Wider Opportunities for Women 2003).

But even though they were developed at somewhat stringent levels, these standard budgets ended up being considerably higher than the current official poverty measure. A recent book (Bernstein et al. 2000) discussed procedures and criteria for constructing budgets and reviewed nineteen individual budgets. Of the budgets reviewed, those developed for a one-parent/two-child family were between 152 percent and 331 percent of the corresponding poverty threshold, while budgets developed for a two-parent/two-child family were between 169 percent and 288 percent of the corresponding poverty threshold. (Variations were due to both geographic cost differences and some differences in cost assumptions and coverage in individual budgets.)

More recently, a researcher at the Economic Policy Institute produced standard budgets for 2004 for six different family types (one- and two-parent families with one, two, and three children) for every metropolitan area and for the “rural” [actually nonmetropolitan] balance of each state (Allegretto 2005; see also Boushey et al. 2001 for a more extensive analysis with an earlier nationwide set of such budgets). For two-parent two-child families, the national median for the budgets was \$39,984, equal to 209 percent of the 2004 official poverty threshold for a family of this type. The least costly budget for a family of this type--for “rural” [nonmetropolitan] Nebraska (\$31,080)--was equal to 162 percent of the official threshold. The most costly budget for a family of this type--for Boston, Massachusetts (\$64,656)--was equal to 338 percent of the official threshold.

It may be surprising that these recent standard budgets are so much higher than the official poverty thresholds. However, when Mollie Orshansky (1965) presented her original poverty thresholds, she indicated that they represented “how much, on an average, is too little,” not “how much is enough.” As the Census Bureau has stated in several recent publications and on its web site, “While the [poverty] thresholds in some sense represent families’ needs, the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live” (U.S. Census Bureau 2003).

### **Standard Budgets in Canada**

As in the United States, the most commonly used low income measure in Canada--in this case, Statistics Canada’s Low Income Cut-Offs (LICOs)--does not meet the definition of “standard budget” (Podoluk 1968), since it is not based on a list of specific goods and services and their prices. The calculation of the LICOs involves only aggregate family expenditure data for selected consumption categories. To calculate the LICOs, Statistics Canada (Canada’s national statistical agency) determines for a given base year the average percentage of income that families spend on “essentials”--food, shelter, and clothing. It then increases this percentage by 20 percentage points, based on Jenny Podoluk’s original assumption that families spending such a higher-than-average percentage of their income on these necessities were probably “in straitened circumstances.” LICOs are calculated for families of different sizes and types of urban/rural residence; for a given family type, the LICO is the dollar level at which the family would spend this higher percentage of income on these necessities (Podoluk 1968; Wolfson and Evans 1989). In 1992, Statistics Canada introduced a variant of the LICOs, the LICOs-IAT (which are discussed below), based on income after tax (IAT). Separate sets of dollar figures are calculated on the basis of after-income-tax rather than before-income-tax income data, and these dollar figures are applied to after-income-tax income distribution data (Statistics Canada 1992; Human Resources and Social Development Canada 2006).

For several decades--indeed, since 1939, in the case of Toronto (Bradshaw et al. 1987)--at least half a dozen social service agencies in various Canadian cities have published standard budgets (Wolfson and Evans 1989; Ross et al. 2000). Some of these budgets are lower than the LICOs, while others are higher. (Recent budgets developed by two agencies in Winnipeg are discussed below in the section on “Approaches Resembling the Consensual Budget Standards

Approach.”)

In 1992, the conservative Fraser Institute published a book by Christopher Sarlo that presented a standard budget poverty line considerably lower than Statistics Canada’s LICOs. Sarlo was familiar with the standard budgets of the Social Planning Council of Metropolitan Toronto and the Montreal Diet Dispensary, and used the clothing component of the latter in his own budget. However, based on an examination of his text, his use of the standard budget methodology appears to have been independent of developments in Britain and the U.S., in both of which the standard budget methodology experienced resurgences in popularity at roughly the same time.

In his book, Sarlo opposed relative approaches to measuring poverty, arguing that poverty should be defined as the lack of basic physical necessities--items whose absence is likely to compromise long-term physical well-being. His standard budget poverty line included food, shelter, clothing, transportation, personal hygiene items, household cleaning/maintenance items and furnishings, and basic telephone service. It did not include health care (on the grounds that health care needs of the poor would be met by Canadian provincial government health plans, plus charity care for two specific services), secondary school non-textbook supplies, a radio, a television, a VCR, newspapers, magazines, alcohol, tobacco, children’s toys, books, or writing materials (Sarlo 1992). His overall poverty line for a family of four for 1988 (\$13,140 (Canadian)) was equal to 58 percent of the corresponding weighted average LICO. (Based on a 1988 exchange rate of 1.2306 Canadian dollars to 1 U.S. dollar, his poverty line was equal to 88 percent of the corresponding weighted average U.S. poverty threshold.) He calculated poverty lines for families of one to six persons for each Canadian province and used them to calculate the number of Canadians who were in poverty by his definition in 1988.

It is interesting that in Canada, a prominent standard budget poverty line was well below the most commonly used low-income/poverty measure (the LICO), while in the U.S., poverty-type standard budgets are generally well above the official U.S. poverty thresholds. One reason for that is that the Canadian LICOs are noticeably higher than the U.S. poverty thresholds; another reason is that Sarlo’s standard budget was even more stringent than the “no frills” standard budgets developed by advocacy groups in the U.S.

After a “thorough-going review” of his “basic needs approach,” Sarlo (2001) added several items to his budget: out-of-pocket health-care costs; a home insurance policy; and a miscellaneous amount to cover school and writing supplies, stamps, computer disks, and so on.

In 2003, Human Resources Development Canada (the Canadian Government’s department or ministry for human resources development) released a report based on the Market Basket Measure (MBM), a new standard-budget-based low-income measure. Work on the development of this measure had begun in 1997. An early Canadian government document relating to this work (Human Resources Development Canada 1998) showed familiarity with the standard budgets of the Community Social Planning Council of Toronto (formerly the Social Planning Council of Metropolitan Toronto) and Christopher Sarlo. However, based on an

examination of relevant Canadian government documents, the use of the standard budget methodology for the MBM appears to have been independent of the resurgences in popularity of the standard budget methodology in Britain and the U.S. in the early 1990s.

The Market Basket Measure is not an official measure of poverty or a government program eligibility measure; it will be used together with the LICOs and another unofficial Statistics Canada measure to help track low-income trends among Canada's children and to assess the effectiveness of the Child Tax Benefit program. The MBM is a standard budget, with budget elements for food, shelter, clothing, and transportation, but with "other expenses" calculated as a proportion of the combined food and clothing components. The standard budget is for a reference family of two adults and two children; MBM figures for other family types are derived by applying an equivalence scale to the reference family budget figure. The MBM is at a "basic social inclusion" standard of living. It is above a "subsistence" standard, since it allows for the acquisition of resources needed for taking part in the life of the community, but is below a "full social inclusion" standard--a standard of living not visibly different from that of the middle of Canada's income distribution. MBM threshold dollar figures for various family sizes and types are used to calculate the number of Canadians with low incomes by the MBM definition (Human Resources Development Canada 2003; Michaud et al. 2004). For the years 2000-2002, low income rates under the MBM were several percentage points higher than those under the post-income-tax LICOs (LICOs-IAT). This was not because the MBM thresholds were higher than the LICO-IAT thresholds; instead, it was because the disposable income definition used with the MBM (income minus income and payroll taxes and various expenses) is considerably more stringent than that used with the LICOs-IAT (income minus income taxes only) (Human Resources and Social Development Canada 2006). Because of the significant differences between the income definition used with the MBM (which closely resembles the income/resources definition proposed in the [U.S.] Poverty Panel's 1995 report) and that used with the LICOs-IAT, it is difficult to make a meaningful comparison between the levels of the MBM and LICO-IAT thresholds.

The Market Basket Measure is of interest as being a standard budget developed by a government agency--even though it was not given the status of an official government poverty line.

## Standard Budgets in Britain

Since the early 1990s, the standard budget methodology has experienced a major resurgence in popularity in Britain. In the 1993 budget study that was the first major result of this resurgence, researchers drew on budgets from Norway, Sweden, and Canada (early 1980s budgets from the Social Planning Council of Metropolitan Toronto and a 1984 budget from the Montreal Diet Dispensary); they were also aware of the U.S. Bureau of Labor Statistics' City Worker's Family Budget (published in 1948 and mentioned above) and of a 1980 American study (summarized in Watts 1980) which recommended replacing the Bureau of Labor Statistics' family budgets with non-standard-budget measures. However, based on an examination of relevant books and bibliographies, the resurgence in the popularity of the standard budget methodology in Britain appears to have been independent of the resurgence in the popularity of this methodology which took place in the U.S. at roughly the same time. (For the early history of this recent British interest in standard budgets, see Parker 1979; Bradshaw et al. 1987; and Family Budget Unit 1990.)

In 1993 a group of researchers from a nonprofit organization called the Family Budget Unit published a book (Bradshaw 1993) presenting budget standards at two different levels for the United Kingdom. The book presented budget standards for six different household types at a "modest but adequate" standard of living and at a "low cost" standard. The "modest but adequate" standard was described as "a level of living which is sufficient to 'satisfy prevailing standards of what is necessary for health, efficiency, the nurture of children and for participation in community activities.'" (The term "modest but adequate" was taken from the U.S. Bureau of Labor Statistics' 1948 City Worker's Family Budget.) No detailed definition of the "low cost" standard was given in this book, but a definition of the "low cost but acceptable" standard was given in a 1998 Family Budget Unit publication discussed below.

Besides making use of the sources of expert knowledge that one would expect, the experts developing the budget standards also took explicit steps to secure input from representatives of the general population to help them determine the contents of the budget standards; this input included feedback from focus groups of consumers and findings from a 1990 survey of a nationally representative sample of the population identifying items considered to be necessities (either physical or social).

This 1993 study is an example of the detailed budget approach described above. Note the comment by researcher Jonathan Bradshaw: "...deriving budgets is nothing less than a ghastly chore. Drawing up inventories of highly specified items, giving numbers to them, allocating lifetimes, processing them and putting them into lists, incorporating them in the budget and adding them up, is a time-consuming, tedious and unexciting job....It is far more demanding than secondary data analysis and probably as demanding as survey research. It is big social science, it takes considerable effort, expertise, and imagination."

Towards the end of the decade, the Family Budget Unit published budgets at a “low cost but acceptable” (LCA) standard of living for families with young children (Parker 1998) and for households aged 65-74 years (Parker 2000). This living standard was described as follows (Parker 1998):

LCA [Low Cost but Acceptable] marks the threshold below which good health, social integration and satisfactory standards of child development are at risk....The costs of education and healthcare are excluded, on the assumption that they are freely and readily available [in Britain]. But the costs of access to them -- transport, school uniforms, sports gear, prescriptions and so forth -- are included, as are food purchases, housing, fuel, clothing, personal care, household goods and services, leisure and other costs which together promote healthy, socially inclusive living in the UK at the end of the second millennium....LCA is defined as a living standard that takes account of psychological and social as well as physical needs. Warmth, shelter and a healthy, palatable diet are necessary but are not sufficient on their own. Social integration is also necessary (such things as children being able to have birthday parties and outings and adults being able to go out to clubs or pubs and share a cup of tea, a pint of beer or a glass of wine with friends). So is the avoidance of chronic stress....The purpose of the Low-Cost but Acceptable (LCA) standard is to provide reference points showing how much it costs families of different composition, in predefined circumstances, to maintain indefinitely a living standard which, though simple, provides a healthy diet, material security, social participation and a sense of control -- indefinitely.

More recently, the Family Budget Unit has posted about a dozen budget studies on its web site <<http://www.york.ac.uk/res/fbu/publications.htm>> for households with children in several geographic areas and other demographic groups.

British researchers used results from several Family Budget Unit budget standards to develop the equivalence scale that was used for the 1999 Poverty and Social Exclusion Survey of Britain--a survey that used several non-budget-standard methodologies to measure poverty (Gordon et al. 2000; Pantazis et al. 2006).

In 1993--the same year in which the Family Budget Unit published its first book--two researchers from Liverpool John Moores' University published a book in which they presented a standard-budget-based poverty line designed to be a Rowntree-style poverty line for 1992 conditions (Stitt and Grant 1993).

In December 2000, five health researchers from the London School of Hygiene and Tropical Medicine published a “minimum income for healthy living” standard budget (Morris et al. 2000) for a healthy, single working man aged 18-30 in the *Journal of Epidemiology and Community Health*. The study was triggered by the introduction of a statutory National Minimum Wage in the United Kingdom. The researchers did not cite any of the publications of the Family Budget Unit, and so were presumably unfamiliar with them at the time. For a number of budget items, they based their figures on the actual expenditures (according to the Family



Expenditure Survey) of the one third of households of never-married working men aged 18-30 with the lowest per capita income. This article is probably more likely to have been seen by health researchers on either side of the Atlantic than are other articles presenting standard budgets. More recently, health researchers from the London School of Hygiene and Tropical Medicine published “minimum income for healthy living” standard budgets (Morris et al. 2005) for an elderly individual and an elderly couple. (In this study the researchers referred to the work of the Family Budget Unit and the work of the Loughborough University researchers who developed the “consensual budget standards” approach.) The researchers are also planning to develop such budgets for families with young children (Morris and Deeming 2004).

For an informative review and analysis of recent work on budget standards (including the consensual budget standards discussed below) in Britain, see Deeming (2005).

A distinctive variant of the standard budget approach developed by researchers at Loughborough University is discussed below in the section on “The ‘Consensual Budget Standards’ Approach.”

### **Standard Budgets in Australia**

In 1998, the Social Policy Research Centre (SPRC), located at the University of New South Wales, published a report (Saunders et al. 1998) presenting budget standards at two different levels for Australia (see also Saunders 1998 and 1999). The report had been commissioned by Australia's Department of Social Security. It presented budget standards for twelve basic household types; after differentiation for labor force status and housing tenure, the number of budgets developed was 26 at the modest but adequate standard and 20 at the low cost standard.

The project took as its starting point the budget standards developed by Bradshaw (1993) and associates for the United Kingdom, modifying them to suit Australian circumstances. Like the British project, the SPRC project developed budget standards at a “modest but adequate” standard and at a “low cost” standard. “It is...important to note that both standards embody not only appropriate levels of *material consumption* sufficient to satisfy needs for food, housing and so on, but also make allowance for *participation in relevant socially-endorsed activities*” [emphasis in original]. The modest but adequate standard was described as “one which affords full opportunity to participate in contemporary Australian society and the basic options it offers. It is seen as lying between the standards of survival and decency and those of luxury as these are commonly understood.” The low cost standard “represents a level of living which may require frugal and careful management of resources but would still allow social and economic participation consistent with community standards and enable the individual to fulfil community expectations in the workplace, at home and in the community. Whilst it should not be seen as a minimum standard, the low cost standard is intended to describe a level below which it becomes

increasingly difficult to maintain an acceptable living standard because of the increased risk of deprivation and disadvantage.”

Like the British researchers, the Australian researchers secured feedback from focus groups about the articulation of the budget standards, the items to be included in the budgets, and initial costings of the budget. “The main aim of the focus group discussions was thus to provide an initial external assessment of the budgets so that they could be modified to conform more closely with prevailing community standards, attitudes and behaviour.”

The first issue in 1998 of the Australian government publication *Social Security Journal* <[http://www.facs.gov.au/internet/facsinternet.nsf/research/dss-ssj\\_98-1.htm](http://www.facs.gov.au/internet/facsinternet.nsf/research/dss-ssj_98-1.htm)> included a “Special Section on Poverty Research and Budget Standards Project.” Articles in this section reviewed aspects of the budget standards methodology and discussed some of the issues involved. Responses to some of the issues discussed can be found in one section of an SPRC report (Saunders 2004a) which updated budget standard costs to 2003.

The budgets developed by the Australian project were not adopted for use by the Australian government, but were used in setting foster care rates in New South Wales, and also played a role in an increase in the federal minimum wage. In addition to the “low cost” and “modest but adequate” budgets, the Australian researchers subsequently developed budgets for the elderly at a higher “comfortably affluent but sustainable” standard in a 2004 report for the Association of Superannuation Funds of Australia (Saunders 2004b).

### **Standard Budgets in Ireland**

In 2004, the Vincentian Partnership for Social Justice, a partnership of four religious orders in Ireland, published a report (Vincentian Partnership for Social Justice 2004) presenting budget standards for three household types. This report grew out of an earlier study, *One Long Struggle: A Study of Low Income Families* (Vincentian Partnership for Social Justice 2002), which examined the expenditures and living conditions of low income families receiving social welfare payments or the National Minimum Wage. The study found that such families experienced a consistent weekly financial shortfall--“it is not possible to live with dignity and provide children with adequate food, clothing, etc. at the lowest social welfare rates or on the National Minimum Wage.” One of the study’s major recommendations was that research be conducted “on the Budget Standards model to ensure that decision makers are informed about the basic costs of food, clothing, rent, household expenses and the means necessary to participate fully in society so that more adequate levels of social welfare payments and minimum wage are set.” The 2004 report implemented that recommendation.

The report presented budget standards for three household types which had been determined by the earlier study to be most at risk of poverty. The report used the budget standards developed by the Family Budget Unit in Britain, adapting them to Irish conditions. Specifically, the report used the Family Budget Unit’s “Low Cost but Acceptable” standard, citing the definition for it given above (Parker 1998). The report noted that the resulting budgets

did not include any expenditures for debt and loan repayments, fines, hospitalization, payments into pension and saving schemes, alcohol, tobacco, or pets.

To oversee and validate the application of the British budget standards to the Irish situation, the researchers set up a research advisory committee, an expert group, and discussion/focus groups drawn from the low income portion of the general population. The research advisory committee included a representative of Ireland's Combat Poverty Agency and representatives of the principal organizations concerned with each of the household types involved (e.g., Age Action Ireland). The expert group included people from both Ireland and the (British) Family Budget Unit with expertise in particular components of the budget. Discussion/focus groups were set up for each of the household types for which budgets were developed. Members of the focus groups provided feedback on the individual budgets and recommended a modest number of changes in items in the budgets.

In 2005, the Partnership presented a briefing (Vincentian Partnership for Social Justice 2005) in which the three budgets were modified by the addition of a modest amount for unexpected expenditures for repairs of major household items, unanticipated travel (e.g., hospitals, funerals), and over-the-counter medication; these were the items that had been most frequently mentioned by the focus groups for each household type.

### **The “Consensual Budget Standards” Approach**

The “consensual budget standards” approach is a significant variant of the regular standard budget/budget standards approach. It was developed in Britain by Sue Middleton, Robert Walker, and colleagues at Loughborough University's Centre for Research in Social Policy on the basis of a proposal by Walker (1987). The distinctive feature of this approach is that budget standards are developed not by academics, professionals, government officials, or civil servants, but by ordinary people--members of the general population.

To develop a budget standard for a particular household type (e.g., retired couples or single-parent families), groups of persons from such households are recruited from the general population. Groups are chosen to include persons from differing social backgrounds and economic circumstances; the goal of the research is to achieve a consensus, and this cannot be done if persons of different socioeconomic circumstances are isolated from each other. The groups begin by discussing and agreeing on a definition of essential minimum; such definitions are usually adapted from a United Nations definition of an adequate lifestyle--“things which are necessary for a person's physical, mental, spiritual, moral and social well-being.” Groups are encouraged to avoid considerations of cost as much as possible, since “as soon as people begin to discuss incomes and costs[,] issues of spending patterns arise. This gives rise to judgements about whether some groups of the population are more ‘deserving’ than others. Since the aim of the research is to produce budget standards which apply to **all** people in similar household types, such discussions need to be avoided” [emphasis in original]. The groups then discuss, negotiate, and agree upon a list of specific goods and services deemed essential for a minimum living standard for the household type in question. The resulting list is then costed by researchers at

stores recommended by the groups, resulting in a draft minimum budget standard. In the final phase, “check-back” groups go over the uncoded list, coming to agreement on any unresolved issues and reaching a final consensus. The strength of the consensus is tested, with researchers giving group members the cost of the final list and its components, and seeing if this information makes group members want to make any changes in the list. The final list of items resulting from this phase is coded, producing a final consensually agreed minimum budget standard.

In describing the budget standards resulting from this process, the researchers noted that “the agreed poverty lines are not ‘wish lists’ representing what everyone should be able to have in an ideal world. They are the absolute minimum which people believe to be necessary for a dignified and participatory lifestyle in the communities in which they live.” This approach was used to develop budget standards for children of various ages in Britain as part of a 1994 study (Middleton and Thomas 1994), to develop budget standards for children with severe disabilities, and to develop minimum essential budget standards for all types of households living in Jersey (one of the Channel Islands) (Middleton 2000).

Although strictly comparable figures are not readily available, the cost of the consensual budget standard for a one-parent two-child family in Jersey appears fairly close to the cost of the Family Budget Unit’s Low Cost but Acceptable budget for a similar family (Middleton 2000; Parker 1998).

In that it is based on inputs from groups drawn from the general population, the consensual budget standards approach is similar to another poverty measurement approach that is more familiar to U.S. analysts--the “subjective” poverty line approach originally developed by Dutch economists at the University of Leyden (see, for instance, Goedhart et al. 1977; de Vos and Garner 1991; and Garner and Short 2003). However, the two approaches differ significantly in other respects (cf. Walker 1987):

- In terms of process: Under the “subjective” approach, each respondent gives an isolated response to the minimum income question without reconsidering the response at a later time or interacting with other respondents about the response. Responses are aggregated only by the survey researchers, using statistical techniques. Under the consensual budget standards approach, on the other hand, group members work together and interact with each other to produce a common product--a list of specific goods and services; group members go over (and potentially reconsider) the list in a later phase of the process.
- In terms of substance: Under the “subjective” approach, each respondent is asked to provide a single dollar (or other currency) figure representing a given standard of living. Under the consensual budget standards approach, by contrast, group members are asked to prepare a list of specific goods and services representing the components of a given standard of living; once the list is finalized, it is coded by the researchers coordinating the development of the consensual budget standard.

In May 2006, researchers from the Centre for Research in Social Policy (CRSP) and the

Family Budget Unit (FBU) began a new research project, “A Minimum Income Standard for Britain” (Centre for Research in Social Policy 2006). The project is intended to answer the question “What level of income is needed to allow an acceptable standard of living in Britain?” The research will combine the best elements of CRSP’s consensual budget standards approach and the FBU’s expert approach to developing budget standards, basing the Minimum Income Standard on the views of ordinary people while also drawing on expert knowledge about basic living requirements and actual expenditure patterns. The project is scheduled to be completed in November 2007. The final report will present minimum income standards for different family types, and will discuss an approach to uprating and rebasing the standards in the future. The project has established a web site <<http://www.minimumincomestandard.org/>> which includes the detailed proposal describing the project, working papers, progress reports, and related information.

### **Approaches Resembling the Consensual Budget Standards Approach**

An approach somewhat similar to the consensual budget standards approach has been used in New Zealand, although, as noted by Middleton (2000), the New Zealand approach is based on input from low-income persons only, rather than persons from a wide range of socioeconomic levels. An approach similar to the New Zealand approach has also been used in Canada.

As part of the nongovernmental New Zealand Poverty Measurement Project (Waldegrave and Frater 1996; Waldegrave, Stuart, and Stephens, 1996; and Stephens 2000), independent focus groups of low-income families from different demographic groups were asked to estimate “minimum adequate household expenditure” (the basis for a poverty line) and “minimum expenditure that is fair for households to participate adequately in their community” for two different household types. The focus groups were asked to estimate individual budget components as well as overall totals. As Project personnel noted, “Directly accessing the budgeting expertise of low-income householders anchors the analysis of poverty in the experience and knowledge of those who have to live on low incomes on a daily basis.” The budgets from the different focus groups were generally fairly close to each other; where significant differences occurred, they could usually be traced to individual components (e.g., housing).

A broadly similar approach was used by the Social Planning Council of Winnipeg (Canada) and Winnipeg Harvest (an emergency food assistance program) to develop their Acceptable Living Level budget (Social Planning Council of Winnipeg and Winnipeg Harvest 2001). The budget was developed with the input of participants (also known as consultants) from Winnipeg’s low-income population who “gave their insight, expertise, and unique perspective in developing the nature and extent of commodities included in the market basket of goods and services.” For the 2000 update of the budget, ten participants met six times over a four-month period “to discuss the appropriate components and quantities of the proposed market basket of goods and services. Winnipeg Harvest and the Social Planning Council helped facilitate the discussions and record proceedings.” The budget was intended to represent “a fair,

modest and acceptable living level”--“a standard we believe should be within everyone’s reach in a country as wealthy as Canada.” A 2003 update of the budget (Social Planning Council of Winnipeg and Winnipeg Harvest 2004) has also been issued.

### Standard Budgets in Other Countries

While the examples of recent work on standard budgets examined in this paper were drawn from Anglophone countries, examples from other countries are also available. In western Europe, countries in which standard budgets have been developed include Norway, Sweden, the Netherlands, and Germany. In Sweden, the budget prepared by the National Board for Consumer Affairs constitutes the nation’s Minimum Income Standard, while in Norway, budgets have been used to evaluate the adequacy of that nation’s Minimum Income Standard (Veit-Wilson 1998). In eastern Europe, countries in which standard budgets have been developed by government agencies at different times include the former Soviet Union, Czechoslovakia, Hungary, and Poland (Atkinson and Micklewright 1992). Other countries in which budget standards have been developed include Malaysia and Hong Kong (Saunders et al. 1998).

### Tabular Overview

Standard budgets can be characterized along a number of dimensions. The table below characterizes the principal budgets discussed in this paper along the following dimensions: whether the budget was developed using the detailed budget approach or the categorical approach (see p. 3 above); the standard of living that the budget represents; and whether the budget was developed by experts alone or with at least some input from (groups representing) the general population.

Budget	Detailed budget vs. categorical	Standard(s) of living represented	Experts vs. general population
U.S.--various budgets (including Self-Sufficiency Standard)	Categorical approach	Generally a “no-frills” standard of living	Experts
Canada--local social service agencies	Detailed budget approach	[different for different agencies]	Experts
Canada--Sarlo	Detailed budget approach	Basic physical necessities (whose absence would compromise long-term physical well-being)	Expert
Canada--Market	Categorical	“Basic social inclusion” standard of living	Experts

Budget	Detailed budget vs. categorical	Standard(s) of living represented	Experts vs. general population
Basket Measure	approach	(above “subsistence,” below “full social inclusion”)	
Britain--Family Budget Unit	Detailed budget approach	“Low cost but acceptable” and “modest but adequate” standards of living	Experts, with input from general population (focus groups AND 1990 Breadline Britain Survey)
Britain--Stitt and Grant	Detailed budget approach	“Primary poverty line”	Experts
Britain--Minimum Income for Healthy Living	Categorical approach	“Minimum income for healthy living” (includes some “social integration” items)	Experts
Australia--Social Policy Research Centre	Detailed budget approach	“Low cost,” “modest but adequate,” and “comfortably affluent but sustainable” standards of living	Experts, with input from general population (focus groups)
Ireland--Vincentian Partnership for Social Justice	Detailed budget approach	“Low cost but acceptable” standard of living	Experts, with input from low-income population (focus groups)
Britain--Consensual Budget Standards	Detailed budget approach	“Essential minimum” living standard (including social needs)	General population
Britain--“A Minimum Income Standard for Britain”	Detailed budget approach	“Essential minimum” or “acceptable” living standard (including social needs)	General population and experts
New Zealand Poverty Measurement Project	Categorical approach	“Minimum adequate household expenditure” (poverty line) and “minimum expenditure that is fair for	Low-income population (focus groups)

Budget	Detailed budget vs. categorical	Standard(s) of living represented	Experts vs. general population
		households to participate adequately in their community”	
Canada--Acceptable Living Level (Winnipeg)	Detailed budget approach	“A fair, modest and acceptable living level”	Low-income persons (as consultants)

## Conclusion

Perhaps the most striking impression that one gets after reviewing recent work on standard budgets is that this approach is both more popular and more flexible today than would have been predicted three or four decades ago.

The standard budget approach was quite unpopular in at least the two most populous Anglophone countries (the U.S. and Britain) for much of the second half of the twentieth century. In recent years, on the other hand, it is being used in all six of the countries discussed (as well as in other countries), and in some cases by multiple groups in a single country.

In the mid-twentieth century, the standard budget approach was traditionally associated with minimum living standards. In recent years, however, the standard budget approach has been used to develop budgets at such standards as “modest but adequate” and “comfortably affluent but sustainable”--both noticeably above a minimum living standard. Even some of the lower standards of recent years--for instance, the [British] Family Budget Unit’s “low cost but acceptable” standard and the Australian “low cost” standard--explicitly recognize social needs as well as physical needs, thus differing significantly from traditional minimum subsistence living standards, which only recognize physical needs.

Standard budgets have traditionally been developed on the basis of decisions made by experts. In recent years, however, as shown by the material discussed above, some researchers have developed procedures to secure feedback and comments on the content of their work from groups representing the general population, while other researchers have developed a methodology in which members of the general population rather than experts develop the content of a budget standard.



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