Family Budgets and Fee Schedules of Voluntary Agencies

by MOLLIE ORSHANSKY*

As the social security program has become more inclusive in the types of risks it meets and the proportion of the population covered, the role of local voluntary agencies has been changing and expanding also. Increasingly these agencies are called on to help individuals who are otherwise self-supporting but who have a specific problem, such as an emotionally disturbed or otherwise exceptional child needing special care. In many communities the voluntary agency, by charging fees to cover part of the costs, is establishing its place as a counseling agency for families with moderate incomes as well as for those who cannot afford to pay.

The ways in which these agencies determine eligibility for services or financial assistance and the fees they charge for services are of great interest. There would probably be general agreement that the share of the cost of needed service a family is expected to carry should be the same for all those in similar circumstances in the same community. It is not easy to determine how much a family with given resources can contribute toward the help it seeks without curtailing family living to the point where new problems are created as old ones are solved. At the same time, a family that contributes less than a fair share of the cost of the services received deprives others who are in need and places too heavy a burden on those to whom the voluntary agencies must look for support.

Difficult as it is to define a minimum budget such as one that might form the basis of an assistance program for dependent families, it is even more difficult to agree on the less restricted list of goods and services that represent an adequate or acceptable level of living for a self-supporting family. There have been repeated attempts to define and put a dollar value on the commonly accepted standards of living of workers' families in this country. Among the better known are the Heller Committee's Quantity-Cost Budgets for different occupational groups in San Francisco, based on actual family consumption patterns and issued since 1923 by the University of California. Also well-known is the Maintenance Budget developed by the Works Progress Administration in 1935 and priced by the Bureau of Labor Statistics until 1943. The City Worker's Family Budget, developed and priced by the Bureau of Labor Statistics in 1946–51, and the Budget for an Elderly Couple, developed concurrently by the Social Security Administration, were other major contributions in this area.[1]

Relatively little basic research work, however, has been done in this field during the past decade. Because of the growing interest in the income tests used to determine how much families can pay for various social services, the Division of Program Research of the Social Security Administration sought information on family budgets and on practices in setting fee scales for 21 large cities—eight in the North, five in the West, and eight (including the District of Columbia) in the South. A review of readily available information and answers to inquiries sent to health and welfare or community councils yielded the following source material: a budget in each of four Northern cities and a fee schedule in four (not necessarily the same four); a budget in three Western cities but no fee schedules; and a budget in one Southern city and a fee schedule in four.

The information obtained does not, of course, constitute a representative sample. Other cities and sometimes other agencies in the same cities undoubtedly have budget or fee systems that should be considered in a comprehensive analysis. The issues raised even in this cursory investigation are, however, varied and basic enough to be of interest to those already working in the field and may serve as guides to those planning to do so in the future. Further study would round out and expand the list of procedures followed by different agencies in these and other cities, but it should not invalidate the present observations.

Standard Budgets

Standard budgets have long been used for a variety of purposes. Tradition has given them a place in family financial planning; they have been used to measure differences in levels of living from year to year and in living costs from place to place or to assess the relative welfare of different population groups; they are used by public and private welfare agencies in planning payments to families under their care or determining ability to pay for services rendered; they have played a role in the formulation of legislation such as minimum wage laws; and they provide one means of evaluating the adequacy of benefits and payments under social security programs.

A standard budget implies a detailed list of items considered as providing a designated level of family living and their estimated monthly or annual costs. The derivation of such a budget has inherent complexities. Some of the issues are discussed below and illustrated by reference to selected budgets currently in use.

The budgets discussed in this article all relate to a 4-person family composed of an employed wage earner, his wife (not employed), and their two children—a boy aged 13–15 and a girl aged 6–12. This type of family was selected for convenience in making comparisons because cost estimates were worked out for such a

* Division of Program Research, Office of the Commissioner.

[1] For a brief history of family budgets and a selected bibliography, see Dorothy S. Brady, "Family Budgets: A Historical Survey," in *Workers' Budgets in the United States*, U.S. Department of Labor, BLS Bulletin No. 927.

family—with provision for deriving estimates for other types of family—in the eight budget studies that form the basis of the analysis:

1. For New York City—A Family Budget Standard for the Use of Social and Health Agencies in New York City.[2] (Budget priced first in October 1954 and repriced each October.)

2. For Boston—Guide for Estimating the Minimum Family Budget.[3]

3. For Pittsburgh—Guide to Budgeting Limited Family Incomes in Pittsburgh and Allegheny County, fourth revised edition.[4] (Budget priced in April–May 1950.)

4. For Kansas City—Standard Budget for the Kansas City Area: A guide to the cost of maintaining a minimum standard of living for families and individuals (1955 edition).[5] (Food repriced in June 1957.)

5. For Washington, D.C.—A Guide to Family Living Costs in the District of Columbia.[6] (Budget priced in February 1956.)

6. For Los Angeles—Haynes Foundation Budget for Moderate Income Families, by Gloria S. Goldberg.[7] (Budget priced for September 1950.)

7. For San Francisco — Quantity and Cost Budgets for Two Income Levels: Family of a Salaried Junior Professional and Executive Worker, Family of a Wage Earner.[8] (Budget priced for the San Francisco Bay area, September 1957.)

8. For Minneapolis—Budget for a Family.[9] (Budget priced June 1954.)

These budgets serve to point up the wide range of assumptions and problems underlying the budget-making process. The variations among them result from basic differences in concepts, terminology, and procedures and cannot be regarded solely as representing the dispersion expected in any set of observations from a single universe. Additional representative data would bring out more clearly the problem areas and reveal their relative importance in terms of frequency of occurrence. They would be unlikely, however, to change the impression that differences in budget costs often reflect conceptual differences among those constructing the budgets as much as they do differences in prices or in levels or standards of living among the populations they describe.

Defining the Standard

There are in this country no commonly accepted standards of what constitutes an adequate or even a minimum level for any category of family living except food. The National Research Council's Recommended Daily Allowances for calories and eight nutrients are regarded by many nutritionists as desirable goals, although the margin of safety they provide is considered by some to raise the allowances above the necessary minimum. Some criteria for identifying acceptable housing have also been laid down by expert groups. Generally, the standard of living envisioned is a mixture, in varying proportions, of the convictions of those developing the budget as to what a self-supporting family can do, ought to do, or wants to do. It is generally agreed that such a standard should be above the subsistence level.

In New York City, "the quantities specified conform to standards based on scientific knowledge of average requirements for good nutrition and health, insofar as purely physical needs have been determined, and to social standards that have been revealed by studies of actual family purchases." The standard adopted corresponds to that of the City Worker's Family Budget developed by the Bureau of Labor Statistics. For categories based on "social standards," the income-elasticity concept developed by the Bureau of Labor Statistics was followed in the main. This method determines from consumer expenditure studies the items purchased by families at the point on the income scale where the elasticity of quantities purchased is at a maximum—that is, the point where, as purchasing power expands, emphasis shifts from increasing the quantity of purchases to raising their quality, to purchasing other goods and services, or to savings. The budget is designed to provide a basis for "equitable fee scales" for agencies providing welfare and health services and to facilitate counseling on family financial management.

In Boston, the budget guide "gives the cost figures for the items necessary to maintain health and an adequate standard of living." It is intended for the use of professional workers helping families with their economic problems.

The guide in Pittsburgh "is designed to provide an objective statement of the composition and cost of a minimum standard budget providing reasonably adequate material and cultural comforts in a large metropolitan area in 1950." It is intended as a "working tool for persons who counsel families having difficulty stretching a limited income over the diverse needs and desires of various members of the family."

Kansas City's "Standard Budget does not provide for luxuries, neither is it a mere subsistence budget. It is a standard which will adequately provide for the physical, psychological, and social needs of each member of the family." It is useful in determining more nearly equitable and uniform budgets for families receiving financial assistance, for fee setting in day nurseries and counseling agencies, for determining eligibility for free or part-pay medical care, and for family-budget counseling.

In Washington, D.C., it was agreed that the standard would be above subsistence level—"a standard consistent with health, well-being and self-respect and sufficiently high to permit participation in civic and religious activities as well as opportunities for education and recreation." The budget is intended as a technical reference for agencies in formulating policies on family financial assistance, as a reference for families planning their budgets, and as an educational tool and counseling guide.

The Los Angeles budget "is designed to show clearly how much a family of four, in modest circumstances, must pay for the things it

---

[2] Budget Standard Service, Community Council of Greater New York, Inc., 1955.

[3] Nutrition Committee, Health Council of United Community Services of Metropolitan Boston, December 1956.

[4] Health and Welfare Federation of Allegheny County, September 1950.

[5] Council of Social Agencies, Kansas City, Mo., and Community Chest and Social Planning Council of Wyandotte County, Kansas City, Kansas.

[6] United Community Services, April 1957.

[7] The Haynes Foundation, Los Angeles, Calif., 1951.

[8] Heller Committee for Research in Social Economics, University of California, September 1957.

[9] Family Budget Standards Committee of Community Welfare Council of Hennepin County, Minneapolis, Minn.

requires, and comparisons with the information collected last year make it possible to estimate the effects of changing economic conditions on the people of this area . . . the cost of living investigation [is] predicated on the concept of a standard budget as distinguished from actual consumption patterns of the population."

In San Francisco the Heller Committee budget measures the "commonly accepted standard of living"—that is, "the sum of those goods and services that public opinion currently recognizes as necessary to health and reasonably comfortable living. The term 'necessary' as used here includes far more than a minimum of physical needs. It represents what men commonly expect to enjoy, what 'is urgently desired and striven' for, special gratification attending substantial success and substantial failure yielding bitter frustration."

Experts' standards for housing and nutrition have been followed so that at least minimum needs have been met, but "in all parts of the budget, including food and housing, the kinds and quantities of goods allowed are based on the customary habits of families living in the San Francisco Bay area. Essentially, therefore, the Heller budgets are a reflection of the consumption habits of these families rather than a description of what people 'ought to have'." In general, the Committee considered "that if more than half the families in the expenditure studies purchased or had a stock of a particular item, that item should be included in the budget as representing the standard of the group."

The data received from Minneapolis had no descriptive material accompanying the budget.

Translating the Standard Into Quantities

After the standard or level to be represented has been defined, it is necessary to translate it into specific items with a quantity for each item. Conceptually there are at least three phases in this process, each with its special problems. In actuality the phases may be difficult to identify because they may be carried out almost concurrently. It is important to distinguish among them, however, if budgets for different groups or places are to be compared and if the budgets are to serve the purposes for which they are designed.

Defining the categories.—It is obviously expedient to break up total goods and services into categories before the budget can be developed. If expert opinion is to be used as the source of the budget, it will be necessary to consult different authorities for the various categories of consumption. Similarly, if data on consumption practices are to play a role in either developing or checking the budget, there may be different sources for different areas of consumption. Even when, as in the Heller budget, the quantities are derived from family expenditure studies specifically made for the purpose, it is necessary to decide how to obtain the information in a suitable way. Finally, the category to which an item is assigned determines the items with which it is in closest competition for a share of the total budget.

Clothing upkeep such as dry cleaning and shoe repairs is, for example, generally part of the clothing budget, but in Pittsburgh these items were combined with haircuts, waves, cosmetics, and soaps into a "personal services" budget. Carfare to beaches and parks was included in the Boston budget as a recreation cost but in other budgets as transportation. Special school clothing, such as gym suits or graduation outfits, was included with children's clothing in New York and with the costs of education in Kansas City and in Washington. For family counseling purposes, and even for defining a standard of adequacy, such items may better be considered with other expenses incidental to a child's schooling than as a part of those goods and services he shares with the rest of his family.

Even a seemingly clear-cut category such as food involves arbitrary decisions. In Kansas City, for example, the boy's education budget on a 12-month basis is listed (in 1955) as $8.92 a month, of which $5 is for his lunch in the school cafeteria. The committee preparing the food budget, however, had already allowed $1.50 a month for the boy to supplement the lunches he was assumed to carry from home.

Tobacco, if allowed at all, may be figured separately, as in San Francisco, or combined with recreation, as in New York.

Defining the standard for each category.—The standard selected for the total budget should be spelled out separately for each budget category. If the standards for the categories are defined by different persons and the category quantities determined by different procedures, as often they must be, it is difficult to be sure that each does in fact represent the level predetermined for the budget as a whole.

It may be questioned, for example, whether the Washington and Kansas City medical-care budgets, which include prepaid hospital and surgical care and first-aid supplies but have no provision for physician's visits (home or office) or for dental care, are a realistic interpretation of the overall standards. (Both city guides do state that the cost of such services must be budgeted "on the basis of individual need.") In housing, to take another example, the question must be asked if the standard quoted implies separate budgets for owners and renters (San Francisco); a properly weighted budget for owners and renters combined (Los Angeles); rent as paid or cost of ownership (Boston); actual payments by public assistance recipients (Pittsburgh); apartments for rent as advertised in current newspapers (Kansas City); or unfurnished apartments and houses meeting but not exceeding the housing specifications adopted for the City Worker's Family Budget, which were in effect the same as the recommendations made by public health authorities (New York City).

There are numerous decisions of inclusion and exclusion to be made. Will savings, insurance, gifts and contributions, and union dues, for example, have a place in the standard? Of the eight budgets studied, all but Pittsburgh allowed for union dues and some gifts and contributions. None provided for savings as such. Pittsburgh provided no insurance (other than old-age, survivors, and disability insurance), Boston specified "insurance as needed," and the other cities ranged from a $5,000 policy on the wage earner's life (Washington) to actuarially worked-out provisions for support of the family in the event of the wage earner's death and supplementation of old-age, survivors, and disability insurance benefits for himself and his wife if he lives to retirement age (Los Angeles and San Francisco).

A review of the standards for some of the categories in the individual budget may be worthwhile, although the actual budget content is sometimes more revealing than the stated principles. For food the basic concept of adequacy in all these budgets was that of a diet satisfying the recommendations of the National Research Council for calories and essential nutrients. Five of the eight cities used as the core of their food budget the low-cost food plan, prepared by the Department of Agriculture, incorporating these recommendations. This plan is based on family food practices, modified in the light of nutritional economy and scaling calorie intake down closer to the recommended allowance. Boston used a plan similar to that of the Department of Agriculture. San Francisco and Los Angeles, on the other hand, adopted the same standard for food as for other items in the budget—that is, actual purchases of the budget family population. The nutritive value of the foods thus selected more than met the nutritional goals represented by the National Research Council's recommendations.

Los Angeles was the only city making allowances in the food budget for the family to have dinner guests, at a cost per person three times as high as for meals eaten by the family. San Francisco added to the food budget an allowance for liquor and beer.

Although the food plan includes allowances, out of household food supplies for each family member, for 21 meals a week, Kansas City and Washington each added money allowances for supplementing lunches carried from home by the school boy and the wage earner. New York added to the budget the price of lunches bought at work by the wage earner. Pittsburgh, on the other hand, suggested reducing the family food allowance for any meals not eaten at home by a family member. Kansas City made additional provision in the education allowance for school lunches for children and also added a flat sum to the recreation budget for home entertaining. Other cities apparently assumed that meals served to guests would equal meals received; any extras for company meals would have to be made up by cutting back on those for the family.

The clothing budgets in the various cities all recognized the need to do more than meet elemental requirements of health and decency. In New York, for example, "since it is recognized that clothing needs are to a large degree socially determined, care has been exercised to assure that the articles specified and priced conform to social as well as physical needs."

Deriving the budget quantities.—Once the standards have been determined, they must be translated into specific quantities representing the number of items bought and used in a year (with estimated replacement rates for items customarily lasting more than a year presented as fractions) and described in sufficient detail for collection of prices. The growing body of data on family practices in replacing clothing and furnishings (for example, the inventory studies of the Department of Agriculture) should provide a better base for some of the categories than was available when the present budgets were developed.

Pricing the Budget

Each of the budgets was so priced as to best represent the buying practices of families whose level of living they were designed to measure. Some of the budgets, such as those for Los Angeles, San Francisco, and New York, provide for annual repricing in representative areas of the city. Others provide for repricing at less frequent intervals or only for major revisions. Minneapolis is "contemplating the possibility of translating Bureau of Labor Statistics and our own State figures to prices for Minneapolis," and other cities are considering similar action.

Standard Budgets Compared

Since the budgets for the eight cities differed in a number of respects and were priced as of eight different dates, for purposes of comparison the quoted dollar costs were adjusted to January 1958 [10] by using appropriate components of the Bureau of Labor Statistics consumer price index for the specific city. They were also adjusted in similar fashion to the average cost in 1950.

The use of the BLS consumer price

[10] For Washington, D.C., to February 1958; for San Francisco, to December 1957.

Table 1.—*Estimated cost of a budget for a worker's family of 4 persons developed by agencies in 8 cities, by spending category, January 1958* [1]

Item	New York	Boston	Pittsburgh	Kansas City, Mo.	Washington, D. C.	Los Angeles	San Francisco	Minneapolis
Food	$1,540	$1,418	$1,367	$1,099	$1,385	$1,606	$1,757	$1,179
Housing (rent, heat, utilities, house furnishings, and household operation)	1,053	(2)	1,112	1,345	2,076	1,082	1,176	1,313
Clothing	480	433	482	441	522	439	478	[3] 405
Medical care (including prepayment plan)	273	(2)	94	146	127	424	480	185
Personal care	110	105	112	162	129	110	111	(3)
Transportation	166	(2)	157	300	221	700	536	166
Recreation, education, reading, tobacco, and miscellaneous	274	123	125	337	167	177	361	92
Gifts, church, and charity	120	48	--------	106	172	78	87	25
Other	--------	--------	--------	--------	--------	86	15	[4] 85
Union dues [5]	39	(2)	--------	48	36	43	56	30
Total, goods, rents, and services	4,055	(6)	3,449	3,984	4,835	4,745	5,059	(6)
Insurance (other than OASI) [5]	70	(2)	--------	66	32	175	149	(4)
Total	4,125	(6)	3,449	4,050	4,867	4,920	5,208	3,480
Date from which adjustment was made	Oct. 1957	Dec. 1956	April–May 1950	Food, June 1957; other 1955	Feb. 1956	Sept. 1950	Sept. 1957	March 1954

[1] Published budget costs adjusted for price change by appropriate components of the BLS consumer price index for January 1958 for all cities except Washington, D.C. (February 1958) and San Francisco (December 1957).

[2] Housing to be budgeted for rent as paid; medical care, transportation, and life insurance in amounts as needed; union dues allowed when necessary.

[3] Personal care included with clothing.

[4] Insurance payments included with "other" items.

[5] Not adjusted for price change.

[6] Not available.

Table 2.—*Relative differences in estimated cost of a budget for a worker's family of 4 persons developed by agencies in 8 cities, by spending category, January 1958*

[Washington, D. C.=100]

City	Goods, rents, and services								
	Total [1]	Food	Housing [2]	Clothing	Medical care	Personal care	Transportation	Recreation [3]	Gifts, church, and charity
New York	84	111	51	92	214	85	75	164	70
Boston	(4)	102	(4)	83	(4)	81	(4)	74	28
Pittsburgh	71	99	54	92	74	87	71	75	-------
Kansas City, Mo.	82	79	65	85	115	126	57	202	61
Washington, D. C.	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Los Angeles	98	116	52	84	334	85	317	106	45
San Francisco	105	127	57	92	378	87	243	216	87
Minneapolis	72	85	63	[5] 78	146	(5)	75	55	15

[1] Excludes insurance payments (other than hospitalization and other medical care prepayment plans) and Federal and local income taxes.
[2] Rent, heat, utilities, housefurnishings, and household operation.
[3] Includes education, reading, tobacco, and miscellaneous.
[4] Not available.
[5] Personal care included with clothing.

index in this manner has its limitations, particularly in view of the differing time periods covered for each city, but the error resulting from this disparity is almost certainly smaller than the basic differences in the budget standards.

The estimated costs of the goods, services, and insurance provided at the budget level in each of the cities as of January 1958 range from $3,450 for Pittsburgh to $5,210 for San Francisco (table 1). In a comparison of the budgets, points that stand out are the high housing costs in Washington, where the budget provided a 5-room, 3-bedroom row house renting for $125 a month (not including utilities) as of February 1956, and the high transportation costs in Los Angeles and San Francisco, the only cities including an automobile in the budget.

As shown in table 2, where the same data are given in relative terms, with Washington representing 100, there is less of a range in the total costs of the budget standard (from 29 percent less than the Washington figure to 5 percent greater) than there is for any one category except clothing, which has a range of only 22 percent about the Washington standard. Except for Washington, there was little variation in estimated housing costs.

The wide range in the medical care components reflects real differences in content: from Los Angeles and San Francisco—with prepaid hospital and surgical plans, eye and dental care, X-rays, and doctor's visits—to Pittsburgh, which provides only hospital and medical-surgical insurance under Blue Cross and Blue Shield group plans.

Some of the other differences may be more apparent than real—that is, they reflect variation in classification or nomenclature rather than in content. This fact is particularly true for such items as recreation, education, reading, tobacco, and personal care. At the same time, some of the most revealing differences in the concept of what constitutes an adequate level of living occur in provisions for such items.

As a final step in the analysis of the various budgets, the 1950 cost of the eight budgets was estimated for comparison with the cost of the BLS city worker's budget in October 1950 (table 3). The ratios for the BLS budget represent price differentials only, since the same standard was priced in every city. This comparison strengthens the impression that, except for Washington rents, which are considerably higher than elsewhere, the differences in the standard budget costs for the eight selected cities reflect difference in concept and content rather than mere difference in price level.

Fee Schedules

A limited system of fees for designated services has been in use by social agencies for many years. A charge might be assessed on occasion for services not usually an integral part of the agency program—perhaps only as a token payment to maintain the feeling of independence among those using the service or even to foster a feeling of responsibility on the part of the client, on the premise that a higher valuation attaches to a service when it is paid for than when it is obtained without charge.

Today the clients of voluntary agencies include in increasing number those with resources normally adequate but temporarily strained by the costs of catastrophic illness, rehabilitation needed by a family member, or help required in setting aright tangled family relationships. Obviously, if an agency wishes to serve those needing service and to maintain community support, some schedule of payment for services rendered is called for, but as a result many questions are raised. Should fees bear relation to the cost of the service and be regarded as a source of revenue,[11] or should they be related primarily to ability to pay? If the latter, how should ability to pay be determined? Can an agency have a flexible scale and yet be sure that the cost to the family is equitable?

Although data on fee-setting practices or policies have been assembled for only a limited number of communities and agencies, they are believed to be indicative of varying approaches to the questions at issue. In the case of unpublished material—most of that submitted—the agency providing the data is not identified in the discussion that follows. Only two published reports are included in this analysis— (1) *How to Measure Ability to Pay for Social and Health Services* (Community Council of

[11] *Social Welfare Expenditures and Their Financing: New York City*, a study published in 1957 by the Community Council of Greater New York, shows that in 1954 client fees provided 16 percent, 20 percent, and 34 percent, respectively, of the income of visiting-nurse services, voluntary day-care agencies, and independent mental health clinics for adults. In contrast, among the family casework agencies in New York that charge some clients for their services, fees are only 4 percent of expenditures, although in one agency fees were 13 percent of expenditures. See Blanche Bernstein, "A Sensible Approach to a Community Fee Policy," in *Planning Social Services for Urban Needs*, Papers on Community Organization Presented at the 84th Annual Forum of the National Conference on Social Welfare, pages 82-91, Columbia University Press, 1957.

Table 3.—*Relative intercity differences in cost of budget for a worker's family of 4 persons, BLS city worker's budget and budgets developed by agencies in 8 cities, 1950*

[Washington, D. C.=100]

City	Goods, rent, and services [1]			
	BLS city worker's budget (October 1950 prices)		8 agency budgets (average 1950 prices)	
	Total [1]	Rent, heat, and utilities	Total [1]	Rent, heat, and utilities
New York	93	73	83	49
Boston	97	80	(2)	(2)
Pittsburgh	96	78	70	40
Kansas City, Mo.	90	68	82	57
Washington, D. C.	*100*	*100*	*100*	*100*
Los Angeles	96	80	93	43
San Francisco	96	75	100	41
Minneapolis	94	79	71	53

[1] Excludes insurance payments (other than hospitalization and other medical care plans), and Federal and local income taxes.
[2] Not available.

Greater New York), which describes a procedure that might be used by agencies to set fees, and (2) "Establishing a Fee Formula" (*Social Casework*, April 1957), which describes a fee-setting formula actually put into effect by a family agency in Greater Boston. Because these reports include more detail on methodology than does the unpublished material submitted, they are cited at greater length than the others. This treatment is not to be construed, however, as an indication that the practices they describe are more prevalent than others.

All the agencies reporting fee schedules allowed for variation in ability to pay. A sliding scale was used, based on family size and income and calibrated to take account of the difference between available resources and the presumed cost of adequate family living. There was also in many instances an attempt to relate the size of at least the maximum fee to the actual cost of the service. The report by the New York Community Council is concerned solely with the family's financial resources—specifically the total amount (or margin) in excess of living costs—presumed available for payment of fees. It was left to the individual agency, when determining how much of this margin the family would be asked to use, to decide whether and how to take account of the cost of the service along with other factors, such as the length of time the service would be required. There are, to be sure, problems involved in arriving at a fair estimate of the cost of different types of service,[12] but they will not be discussed in this article.

The majority of the fee schedules received were geared to social casework and provided for a weekly family fee regardless of the number of visits or the number of persons seen. This procedure, as one agency pointed out, permitted family-centered casework that on a fee-per-interview basis might be prohibitive for the family. There are some other types of service, on the other hand, for which a flat rate per case per week is not appropriate.

There were variants of this procedure. One agency, for example, charged an additional fee for the second or succeeding interviews in a calendar week when income was above a certain level; the fee varied with family size. A visiting-nurse association increased the fee for extra-long visits, visits to outlying areas, or special appointment service. For a parent-child interview, one guidance agency charged double the rate of a child interview.

The New York proposal was to determine total weekly family margins—that is, the differences between gross income and standardized deductions for taxes and basic budget costs—presenting them in standard reference tables. Because these tables indicated maximum ability to pay, the procedure could be used to determine equitable total charges to the family for medical care and like items, as well as to determine any fees for recurring services. Similar procedures are already being used by some agencies in determining the eligibility of clinic and hospital patients for free or part-pay care.

The Boston agency, having computed the total amount available to the family for fees within a year, determined the weekly fee by assuming a total of 40 interviews in the year, to allow for long-term treatment if necessary. This procedure and the New York proposal are both more applicable for clients accepted for service over an extended period than for those—a considerable proportion in the caseload of some agencies—who are seen only once for screening or referral. In most agencies a budget standard of some sort is implicit in determining ability to pay, but, as the New York report points out, the budget is only one factor.

It is evident that, in addition to determining basic living needs, decisions must be made about what to include as family resources. Some agencies, like that in Boston, used current cash income only; some included, in addition, available assets that can be turned readily into cash; one agency added to income the value of rent if the home was owned outright; and New York included savings and the income of supplementary earners in excess of expenses occasioned by their employment.

In determining basic family living requirements, some agencies made special provisions for illness of the wage earner, unusual expenses such as fixed debts, added cost of home ownership, or obligations to persons outside the family. Other agencies allowed also for a minimum amount of savings or insurance.

The New York City schedule provided optional factors for more precise measurement of margin; they included additional savings (in households with head aged 50–69) needed to supplement typical old-age, survivors, and disability insurance benefits at retirement, or because of the concentration of all the children in a family in a group below or above average age. All the client's resources are to be considered, at least when the total cost of service is high. Since the client should not be expected to use all his savings for agency services, however, the margin above income is increased by a sum equivalent to 1 percent of the value of assets (in excess of a minimum reserve). Assets include such items as bank accounts, loan value of retirement funds, cash value of life insurance policies, and equity in an owned home. Extraordinary expenses are subtracted from the margin—medical expenses, child care, educa-

[12] See, for example, Ralph Ormsby, "Administrative Use of Cost Data: 1—Cost Analysis in the Family Service Field," in *Planning Social Services for Urban Needs*, op. cit.

tional expenses, and debts incurred for special needs or in emergencies. Installment payments are considered "merely a substitute for budgeting cash expenditures" and are not usually accorded special consideration, a decision that may cause difficulty in the light of present-day consumer practices.

In contrast to the single-budget approach of the New York Community Council and most of the other agencies reporting, the Boston agency submitting a fee schedule believes that "as a family's income increases, it is both natural and desirable for the family's standard of living to be raised, and the amount budgeted for each item, whether essential or nonessential, should be more liberal." Accordingly they prepared budgets for families of 1–8 persons at incomes from the minimum ($2,000 for a single person in 1956) below which none would pay a fee to one ($13,500 in 1956) at which even the 8-person family could be expected to pay the maximum fee. (As noted earlier, the maximum fee for a family represented the calculated cost to the agency of an interview.) The separate budgets or standards centered about a basic budget—"amounts . . . considered moderate but adequate." In determining budget items for each income range, each item was adjusted upward or downward [13] by the same percentage that the net income (after taxes) bore to the amount required to buy the basic budget. Such a method assumes the proportion of income spent for a particular item to be the same at all income levels, although consumer surveys indicate that the proportion spent for such essentials as food and clothing decreases with rising income.

In determining the margin available for payment of the fee, the full budgeted amounts for food, housing, and clothing were permitted as allowable expense, but half the difference between the budgeted amounts and the minimum for medical expenses and other expenses and savings [14] was considered as available margin. For "nonessential items"—transportation, personal care, recreation, and other goods and services [15]—only the client's share of the excess over the minimum budget was considered available for payment of the fee—that is, the difference between the amount budgeted at the family's income level and that at the minimum, divided by family size. Financial resources other than current income were not considered, but adjustments for unusual obligations, such as the cost of maintaining a child in college, purchase of a new house, or contributions to relatives outside the home were to be made by dropping to an appropriately lower income before applying the formula.

Boston and New York, by setting up budgets for families of different sizes to determine available margins, automatically provided family size differentials in fees. Other agencies prepared tables from which the fee for a family with a given income and of a given size could be determined by inspection. Two family service agencies, for example, adjusted their fees from a minimum of $1 to a maximum of $10 by adding $1 for every $600-increase in income at a given family size and reducing it by $1 for each additional family member.

Practically all agencies provided for adjusting the fee to special circumstances although sometimes rather arbitrarily—for example, one agency stated that "the above schedule applies to a family comprised of parents and one child. To find the fee for larger families drop back one income bracket for each additional dependent." Other agencies adjusted family income for unusual circumstances before consulting the fee table. Some agencies, concerned lest too strict application of the fee schedule would spoil rapport with the client or even destroy contact altogether, provided for changing or waiving the fee if the client seemed reluctant. In contrast, one agency voiced a philosophy undoubtedly concurred in by others—that payment for treatment has psychological value in itself and that many persons would come if there were a fee but would reject service labeled "charity."

In this connection the procedures developed by the College Scholarship Service, created in 1954 by the College Entrance Examination Board to assist colleges in allotting scholarship funds and other financial aids to deserving candidates, are of interest. Just as there has been a change in the role of voluntary agencies over the years, there has also been a change in the attitude towards scholarships. No longer are they solely awards for achievement equally available to all who qualify. Now the amount of the scholarship must usually be adjusted inversely to ability to pay.

As measured by the Service the ability to pay is determined on the basis of family income and the portion thereof that parents are deemed obligated to spend for the maintenance of dependent children, including the applicant. The amount of such maintenance is taken as a fixed proportion of income, varying only with family size. After deduction of children's maintenance costs and extraordinary expenses (such as medical bills, heavy debts, education of other children, obligations to other dependents, and housekeeping expenses for a working mother or widower father), a percentage of the remaining income is assigned for the applicant's college expenses because "parents should make some effort to provide for the applicant in college beyond fulfilling their responsibility for his 'normal' maintenance." This percentage, or educational tax, is graduated so that it is progressively higher with income; for those with lower incomes, it is progressively lower with increasing family size. Finally, a portion of the child's estimated share of family assets and savings as well as his own is also deemed available for his education. Particular care is taken, however, to conserve adequate family reserves and to protect those inadequately insured, widows, and aged parents without retirement plans. There is an attempt to tap all resources that might reasonably be used for college expenses, without bearing down so heavily on the student's or the parent's savings as to discourage others from such foresight in the future.

The colleges participating in the Service relate the amounts that the

[13] In no case, however, was any item reduced below the amount figured to be the minimum for that item.

[14] Old-age, survivors, and disability insurance payments at the current rate, union dues, and minimum savings-bank life insurance.

[15] Only items considered available for fees were budgeted.

family can pay—according to these standards—to their own charges, with the amount of scholarship aid representing the difference between the two sums, where full scholarship is granted. The student, therefore, is not under financial pressure to select one rather than another of the colleges.

Some Issues

The finding that budgets derived by different agencies differ in content is in itself not unexpected. To construct a budget equivalent in satisfaction, though not necessarily identical in content, for families of different types living in different parts of the country requires not only a vast amount of income-expenditure data but a carefully detailed set of procedures and assumptions as well. Even the income-elasticity method developed by the Bureau of Labor Statistics and used for the New York City family budget requires many decisions. Considerable work needs to be done in defining standards and determining the data necessary to implement them. Because the necessary research and collection of data are costly and time-consuming, better coordination of the efforts of all those concerned with the development and use of budgets is essential.

It may be helpful because of the problems—and the resulting time lags in bringing budget standards up to date—to direct attention to alternative devices for certain applications by the social agencies. Those helping families with financial planning, for example, might rely more effectively for a reference tool on actual consumption patterns and distributions showing a range of expenditures than on a single set of budget figures. In fact, current practice in this field is likely to stress the wide variation in needs and preferences among families having the same income.

For some purposes it would seem that the crucial figure is the total cost of the budget. This dollar total might then be found more directly than it is at present by choosing a specific income percentile, a break-even point, a point at which a specified percentage of families had savings, or a point at which a given percentage of households achieved an adequate diet. Following this procedure would also involve careful study of concepts and a series of arbitrary decisions. Special allowances could still be made for items like medical care when the average of customary expenditure is less than a recognized measure of need.[16]

There are nevertheless compelling reasons for retaining the budget method. Most substitutes would require considerably more information about family incomes or expenditures than is now available, although it should be evident that more data of these types are needed too if the budgets are to be constructed with reasonable objectivity. Budgets may also be more effective than any substitute as a tool for justifying agency programs—a consideration that cannot be minimized. It might make for poor public relations, for example, to establish a fixed percentage of families —that is, families at a given point in the income distribution—as low-income families who have a less-than-adequate level of living. There will be confusion about the fact that, though the goal is to reduce the number of families living at less than a minimum or subsistence level, the concept of adequacy implies by definition a gradual upgrading of the standard. A standard of adequacy necessarily implies that there are some families below it as well as some above.

Fee-setting for many agencies is even more difficult than determining a budget standard. In fact, as commonly practiced, a fee schedule can be developed only after the budget is completed. Decisions must then be made about the nature and use of family resources and the claims of individual members to a share in them, the relation of cost of service to the amount recovered from the client, the differentials for long-term and short-term situations, and the problem of having a procedure definitive enough for ready application but still flexible enough to allow for adjustment to the individual situations.

The two published statements on methods of determining fees that have been cited in this article serve to illustrate in addition the wide divergence possible in the philosophy underlying fee schedules. Should one standard of living be presumed applicable to all, or will higher income be assumed to carry with it a higher standard, so that a different measure of cost is to be used in determining the excess of income over family needs? Should all assets be included in determining the margin even though the result, in effect, is to penalize the family that has savings?

The College Scholarship Service plan predicates ability to pay as a function of income and other resources but on the premise that families with different incomes, by virtue of these incomes, will not be able to satisfy their requirements for adequacy at the same cost level. Such an assumption could be more realistic for voluntary agencies than the one-budget approach, and it is, in effect, the one being used by the Boston agency. It might be no easier to develop a schedule on this basis, however, than with present procedures. In addition, it might be difficult to justify in view of the limited funds, derived in large part from voluntary contributions, with which many social agencies must operate.

[16] According to the Heller Committee, the complex procedure followed by the BLS in developing the city worker's family budget yielded approximately the same result as their own selection of items used by 50 percent of the population. The costs of major categories of the San Francisco budget are similar to those of like families in this income class or the next higher one in large cities in the West in the 1950 consumer expenditure survey. The higher cost of the San Francisco budget in relation to that in New York is consistent with the fact that average income is higher in the Western cities than in the North, and family spending patterns are related to the prevailing income level in the community.