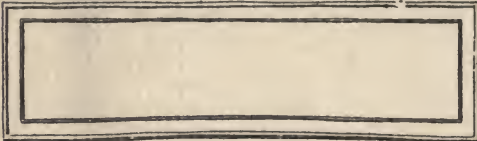
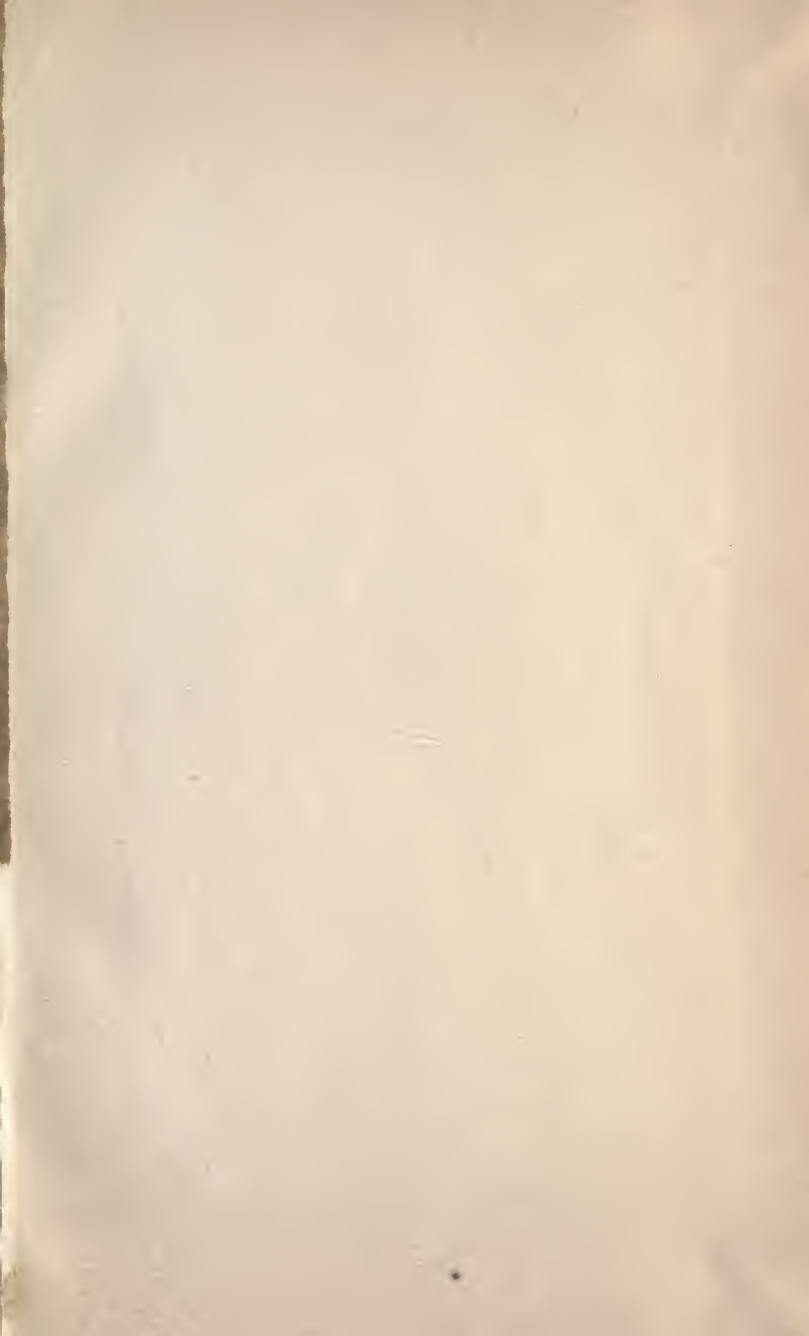


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SPENDING THE FAMILY INCOME



SPENDING THE FAMILY INCOME.

BY
S. AGNES DONHAM
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UNIVERSITY OF
CALIFORNIA

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TO THE
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G. E. F.

TO MY PUPILS AT THE GARLAND SCHOOL FOR HOME-MAKING
1913-1920

IN WHOSE INTEREST I FOUND THE INCENTIVE TO
DEVELOP THE MATERIAL

THIS BOOK IS AFFECTIONATELY DEDICATED.

494401



PREFACE

Years ago Mrs. Ellen H. Richards said, "There are to-day many temptations to spend for things attractive in themselves, but not necessary to the effective life." This is equally true of the present day and the purpose of this book is to assist those who wish to plan their spending systematically, giving each department of household or personal expenditure such careful consideration that they may be sure they have resisted the temptation to spend for those things which are merely attractive in themselves without adding to the real values of life.

It is not the size of the income so much as the way in which it is spent which determines whether we are successfully obtaining those things which we believe to be most worth while in life. Too many people live according to the conventional standards of their social set without consciously defining their own standards, counting the cost of maintaining them and balancing the cost with the return in "the durable satisfactions of life."

PREFACE

Living by a carefully made budget means using such intelligence in the spending of one's income that first the necessities and then those desires which are most worth while are obtained.

The successful budget is the one which neglects none of the physical necessities, gives none of them an undue portion of the whole, and provides maximum amount of opportunity for the development of the mental and spiritual needs of life.

Satisfaction with the results of our spending will come only when we feel that a fair proportion of our desires have been gratified. The quickest way to such gratification is through planning our spending, keeping our main purpose always in view.

The family which is saving for a home will spend for other things with greater care than the family without such a goal. The child who is saving for a bicycle will find it comparatively easy to deny himself an ice-cream cone. Both the home and the bicycle are obtained more quickly if all spending is done with the home or bicycle in mind.

This book represents no attempt to solve individual problems in the distribution and use of income. The purpose is rather to state and discuss the principles which should guide the spending of income, whether it is large or small. The author is convinced that no one can successfully solve the

PREFACE

financial problems of a home except the people who direct the spending of the money within the home itself. Suggestions may be made which will, if applied to the individual problem, prove helpful, but so many and so diverse are the personal elements which enter into the arrangement of life for each family that actual decision can be made only from the inside.

There will be many who will wonder why this or that division of household business has not been touched, but the book is not planned to cover the business of the home. The intention has been to confine the subject matter to budget making.

If there is help in these pages for others, it is because of the fact that the experiences and opinions of many have been studied and absorbed during years of lecturing and teaching. The source is not to be traced except by accident, and if any fellow worker recognizes an apparently direct quotation, apologies are due to him. If in the constant rearrangement of notes, quotation marks have disappeared it is a compliment which it is hoped is not too subtle to win his appreciation. There may be places where quotations are made from Mrs. Richard's "Cost of Living Series" without due credit. If so it is with pride rather than apology, for Mrs. Richard's thoughts and conclusions were so fine,

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so clear, so fundamental that one might well be glad to find himself incapable of separating them from the woof of his own weaving.

Many will ask why no "standard," "ideal" or guiding budgets are given to serve as a starting point. Such budgets may be had from various sources if they are desired; they are not included here because in the opinion of the author they are not ideal, they do not guide, and they lead only to discouragement when individuals find themselves unable to live up or down to them. A recent effort to convince herself that this conclusion was wrong and that standards which were helpful could be suggested led to a study by the author of budget reports from fifty cities during 1919. It was evident that the expenditures for food for five people from an income of \$900 varied in these reports from 34 per cent to 48 per cent of the whole, the average was 43 per cent; and yet at that time in Boston 43 per cent of \$900 would not by any means provide food adequate for nourishment for five people. The result of the publication of such a standard budget would only be to convince the people in most of the fifty cities that they were spending far too large a sum on food while few who spent below the average would have discernment

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enough to realize that local conditions must be responsible for it.

The individual solution of the individual problem, based upon fundamental principles, is the text if there be one, and is at the same time the reason for the omission of those standard budgets and ideal percentages once so dear to the hearts of the statistical budget maker.

The book is not meant to be controversial in any way and where opinions differ as to the conclusions drawn it will usually be because the qualifying conditions have so far affected the problem that the principle underlying it has been forgotten or ignored either by the author, or by the reader who finds that his experience seems to contradict the opinion expressed here.

S. AGNES DONHAM



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Spending the Family Income

CHAPTER I THE INCOME

The money which comes to the family regularly or within a specified time, whether as compensation for services or for the use of property, is by the Government considered as "Income," and when it reaches a given amount, with certain exemptions defined by law, it is taxable. Until the era of direct taxation many men and women were without definite information as to the amount of their incomes; now it is necessary not only to know the total but to consider its source in order to make the reports which the State and Federal governments require.

When making a plan for spending the income, the amount of the income taxes may be subtracted from the total, leaving what may be considered as net income which will be spent according to the requirements of the family standards of living.

If these standards are defined in a family con-

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ference after full discussion of all the points involved and a spending plan or budget is made, the coöperation of all the members of the family will be much more positive. It is difficult for individuals to insist upon their right to spend carelessly or selfishly when they see that in order to gratify their whims they have deprived the whole group of necessities or of comforts which would add materially to the efficiency of the family. It is an effective check to selfishness for a child to realize that his thoughtless wasting of small sums means the loss of a much needed convenience or article of clothing for his mother, that his carelessly torn suit can be replaced only by the self-denial of his father. The first step to be taken in the family-budget conference is the making of an accurate inventory of all assets and liabilities.

How Much Does The Family Own ?

Investments

Life Insurance

Accounts receivable

Real and Personal property

Buildings

Live stock

Land

Cash in savings bank

Furnishings

Cash in hand

Shares in coöperative bank

THE INCOME

How Much Does The Family Owe ?

Mortgages

Notes

Debts

Compare the total liabilities with the total assets.

Is the family on a sound financial basis?

Are the assets of greater value than the liabilities?

Are the liabilities accumulating more rapidly than assets?

If that is so, what is the reason?

Can the liabilities be reduced by more careful spending of each year's income?

Would it be good business to reduce the liabilities by sacrifice of some of the assets?

Are the liabilities due to expenditures for constructive agencies — a home, education, working equipment — or were they caused by a deficit in meeting the current expenses of previous years?

If due to deficit in current expenses, the standards of living should be changed so that the current expenses may be met by the current income, thus maintaining a standard of living which the income can support.

The second step is to estimate the income for the coming year and this will include:

All salary, interest, dividends, commissions,

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royalties or other money which is expected to be available for use during the year.

Estimates of the market value of all food raised in the home garden and consumed by the family.

The market value of eggs, chickens, milk or meat raised and consumed by the family.

The money value of the labor of the various members of the family should also be considered as a factor in reckoning the cost of service, food, clothing.

The interest on the money invested in the house is a factor in the cost of shelter and should be considered when judging the real cost of living in a house owned by the family.

These additions to the income are sometimes called material income; they may not affect the apportionment of the money income, but they should be considered when comparing the cost, amount and quality of food, clothing, service, shelter, etc., which one family is able to obtain from a given income with the same purchases which another family will be able to make from the same amount of money.

A family with a small money income may have so large a material income that its problem of maintaining comfortable standards will be less than that of another family whose money income is much

THE INCOME

greater. The spending of the income involves certain decisions as to ways and means, and these must be adjusted by the family according to the circumstances and the conditions existing within the family.

While the ideal arrangement is probably a joint account with both husband and wife free to draw upon it at will, there are families where such a plan would be impossible because of conditions which exist and *cannot be ignored*. Lack of self-control or early training in the use of money, poor judgment in the selection of materials on the part of either man or woman may make it necessary for the other to attend to the business affairs of the home; but whatever condition of this sort exists there should be mutual discussion of the problems involved, and while the responsibility of spending may be undertaken by the one best fitted for it, the decision should be made by both husband and wife and the children should understand the plan adopted and the purpose which governs the spending.

A joint bank account, a system of personal and household allowances, a division of financial responsibility, certain bills paid by the husband and others paid by the wife, even the old plan of keeping all the family money in one pocket to be doled out to the other members at will or at need

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are all methods of dealing with household finance which find advocates under certain conditions. The first decision for the family conference to make is as to the purpose for which the home exists. "No budget can be determined by your income but by what you want your family to get out of that income."¹ Is the purpose for which this income is to be spent personal satisfaction or service to the community? Is it for efficient work, for food, shelter and other purely material needs or for service, breadth of vision, enjoyment of the beautiful, education of the children, mental growth of all the members of the family so that they may each have a share in making the world a better place in which to live?

With this decision made it is easy to follow it with details as to how the bills are to be paid from the money available and thus clear the way for planning the budget. Real success in the adjustment of this question comes not from the particular method selected but from the perfect agreement as to the desirability of the method and the acknowledgment and constant practice of equal partnership. No matter what form of detail is adopted in spending the income, the husband and wife must consider themselves *equally responsible*

¹ "Household Engineering," by Mrs. Frederick.

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for the result. The joint bank account will be successful if both husband and wife have the same ideals and purposes and the same business training; it will be likely to fail otherwise. The household and personal allowance system is desirable when, with a common ideal, either husband or wife has less self-control than the other, or when one is a "born business manager" and the other finds it impossible to master business details successfully.

When either husband or wife proves a weak partner, with neither intention or desire to coöperate in a spending plan, it may become necessary, in order to save the family from financial disaster, for the stronger member to assume control of the income and insist upon its careful use. This condition is happily less frequent than formerly and husband and wife are now more often really partners, with a complete and frank understanding as to purposes and methods, *a division of responsibility as to details, and an equal responsibility for results.* This we may assume to be an ideal condition and it makes possible a successful business partnership which will lead to more perfect spiritual and mental fellowship and understanding within the family group.

CHAPTER II

CONSCIOUS STANDARDS

A budget is a plan for the expenditure of any commodity during a specified time and, subject to changed conditions, should control the expenditure during that time. An income budget is, then, a plan for spending one's income during a week, a month or a year.

Having been made, it should be followed as exactly as possible during the time for which it is planned. A household budget is a plan for spending the family income during a definite period of time. A plan for a yearly budget covers seasonal as well as regular expenditures, and is usually more satisfactory than when made for a shorter time. When a household budget is carefully made, based upon past experiences and well-thought-out estimates, it can be followed if all the members of the family are agreed upon its provisions and nothing happens to decrease the purchasing value or actual amount of the income or to essentially change the mode of living. Increased prices for commodities

CONSCIOUS STANDARDS

or rent, or change in business are influences any one of which may necessitate revision of the budget. The coöperation of every member of the family is necessary to success and it is imperative that the budget be kept in mind and used as a check upon purchases.

It is true that a budget may prove to be a poor one and in the process of living better plans will present themselves. In this case, if the first budget is reviewed as a whole and fails to prove its worth, a second plan may be substituted, provided the first has been given fair trial and good reasons for every change are apparent. A poor budget is better than none at all, and no changes of importance should be made until time enough has elapsed for the faults to be so clear that remedies suggest themselves. A budget which is changed every month becomes worthless; the records prove nothing and at the end of the year there can be no definite conclusions which are of constructive value. It has been said that no permanent result ever comes from thoughts or impressions unless they are expressed by action. If this is true, a budget planned with great care, accounting for the whole of the income and then laid aside, will never help in the expenditure of the income, or bring about any improvement in the living conditions of the

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family. A budget must be made and then lived.

“Why make a budget?” “I know what I have and I usually spend it all.” “I only buy what I must.” “I never buy anything which I do not need, and if by chance anything is left there is sure to be a good use for it.” These and similar excuses are made for unplanned spending. The old saying that we must cut the garment according to our cloth applies to the income. We must make our purchases according to our money. There is always a limit to the returns which can be had from a definite sum of money. If spent carelessly, some of the income goes for purposes less useful or less desirable than would be the case if the expenditure had been planned.

There are many reasons for making a budget.

✓ Chief among them are these:

The necessities will be provided, because considered first.

Purchases will be made more wisely, since having been planned for, advantage can be taken of seasonal reductions and time may be allowed for finding the *right* article.

✓ Purchases will fit together because planned together.

Leaks will be uncovered and may be stopped.

CONSCIOUS STANDARDS

The standard of living will improve because the family life will be considered as a whole. If there are extravagances they will be dropped and real values will take the place of careless choice.

More money will be saved because saved regularly and by definite plan.

Saving, planning for all necessities, choice of most worth-while luxuries, wise marketing, harmony in results, discovery of leaks, improvement of standards, recognition of real values may, any or all of them, result from the use of a carefully made budget.

A well-rounded life should include expenditure for necessities, saving, giving, spiritual growth, education, health, play, culture and social life. The family or individual which ignores any one of these must inevitably lose some of the abundance which life should hold in store for all. When we unnecessarily spend all for food, clothing, or shelter, and ignore the demands of higher life or development, we are crippling souls. If we spend all for art and are careless of the necessities, we are equally unfortunate, for a crippled body either reacts upon the soul or shortens life itself and makes all effort vain.

The successful business man knows the expense of carrying on his business. His costs are figured carefully and overhead charges are worked out defi-

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nately. He bases his prices, his purchases, his methods upon knowledge of his financial plan, but with an occasional exception he allows the business of spending his personal income to go on without thought of planning, without even classification of expenditures, with no positive knowledge of what effect any one purchase may have upon the whole. The individual or the family spending a comfortable income without a plan, must, if suddenly confronted by facts, often acknowledge that too much is being spent for clothing, or that their food is elaborate and choice at the expense of comfort in operating or the simplest expenditures for culture, health or play.

Planned expenditure should lead to better rounded family or individual life, with due consideration given to food, clothing, shelter and operating, but with an equal measure of thought and effort placed upon service to others, religious and civic activities, mental and spiritual growth, health, social life and play. The development of a one-sided family is as much to be avoided as that of a one-sided man or woman. The budget maker who plans only for material things is like a woman who works all day in the kitchen, forgetting that the rest of her house should be put in order. A plan for life should include the spiritual, mental and social, as well as

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material; this provision for spiritual, mental and social development involves expenditure of money just as surely as does the purchase of food or clothing, and if nothing is to be neglected or crowded out, a spending plan must be made to cover all of these demands.

No one plan will suit every family. Each family must make its budget in accordance with its income, environment and standards of living. The heedless purchase rarely indicates a consciousness of values, while planned expenditure is based upon definite standards which the very act of planning has made conscious.

Few people know exactly what their standards of living are. Challenged by the question and given time to formulate them, most men and women would be able to express their standards vaguely. One reason for the difficulty which many families have in making ends meet is the fact that they have never made definite choices, but have drifted from one expenditure to another, suddenly finding themselves without money to purchase what seem to them absolute necessities, and obliged to go into debt to satisfy their needs. Making a spending plan involves a conscious choice between expenditures and should disclose to the family its failure or success in estimating values.

SPENDING THE FAMILY INCOME

For convenience, let us consider all incomes as classified under four heads,—existence, living, comfort, luxury.

An Existence income is so small that it provides only enough food, clothing and shelter to keep the family alive and protected from the elements.

A Living income will provide more and better food, clothing and shelter,—enough to keep the family alive and able to work. This will mean:

Food adequate for nourishment, but with little choice;

Clothing sufficient for cleanliness, of durable quality;

Shelter, safe, with possibilities of sanitation;

Operating necessary to life (heat, light and water);

A surplus, which permits small savings and some recreation.

The Comfort income is large enough to give:

Food adequate for nourishment, with some possibilities of choice;

Clothing suitable for the work which has to be done, comfortable for the climate in which the family lives, with opportunity for choice and beauty; but carefully selected after definite planning and with constant care to make every purchase count.

CONSCIOUS STANDARDS

Shelter, safe physically and morally, sanitary, with some privacy for individuals and a degree of comfort for all, but without reckless expenditure for location or size.

Operating consistent with the expenditure for food, shelter and clothing. A comfort income will not allow heedless or extravagant operating. Every detail will require careful supervision and restraint.

Surplus for saving and well being,— that is, for those things which tend to develop the spiritual, mental, physical and social sides of family life.

The Luxury income will purchase:

More *food*, with greater delicacies;

More *clothing*, of finer fabrics, more decorative and with more frequent changes;

Better *shelter*, with greater privacy, beauty and comfort in appointments;

Operating expense consistent with the expenditures for food, clothing and shelter; increased service and consequently freedom from small, pinching economies;

Surplus for larger savings and greater development of spiritual and mental life through possibilities of travel, education and society, according to individual choice.

It is impossible to set the limits in amount which

SPENDING THE FAMILY INCOME

divide any two of these classes of income. Because of education, heredity, environment, occupation and number in the family, what might be a luxury income for one family would be a comfort income for another, and equally a comfort income for one family would provide only living conditions for another. Each family must look its standards of living squarely in the face and decide honestly whether it is harboring luxury standards on a comfort income, or comfort standards on a living income. If its standards have been at fault, they should be reduced until they are within the limits of the income.

It is, then, wise to ask very seriously what the family standards are for Shelter, Food, Clothing, Operating, and for Development, — mental, physical, social and spiritual.

If this is done in the family group, and the analysis put into writing, there are likely to be various inconsistencies apparent, and discussion should result in clearing the way for more constructive planning than would be possible without such a definite statement of standards. If the object in making a budget is first to save more money, and second to get a better return for the money expended, the first step in the budget making should be to discover what has previously prevented sav-

CONSCIOUS STANDARDS

ing, and the next what return has come from the spending; and the result of such study should be a readjustment that will eliminate the expenditures which have failed to produce adequate returns.

CHAPTER III

STANDARDS FOR SAVING

When the savage, dependent upon the fruits of each day's hunting, discovered that days came when he found no food, he increased his efforts sufficiently so that on good days he killed a little more than he ate and put away the extra for the days when fresh supply failed. Since that time many systems of saving for the proverbial rainy day or sunny opportunity have been developed, and they have all been based upon the simple plan of the savage,— to produce a little more than he consumed and preserve the surplus; but even with the long centuries of experience behind us, comparatively few people to-day are saving constructively.

The need for protection in case of emergency — illness, death, nonemployment, loss of earning power — the desire for home ownership, a business, a farm, new equipment or furnishings, education, travel, the wish for power or social position in the community are incentives which lead to saving. In a comparatively small number of cases these

STANDARDS FOR SAVING

savings are made according to a well-defined plan with the purpose of obtaining within a definite period of time a certain result in total amount saved and in return of income or purchasing power. Until a short time ago, most men have felt that whether they saved or not was a matter which concerned themselves alone, so long as they did not become public charges; but recently it has been apparent that not only is it a civic duty to try to save enough so that during old age, illness or other emergency the family will not be dependent upon the community, but that the welfare of the industrial world is largely dependent upon the savings of individuals. The small savings of many people combined and invested by the banks make possible the development of industry and the natural resources of the country. It is well to realize then that money which is saved and invested not only accumulates purchasing power for its owner but provides the means for increasing our national welfare. A good citizen will save as a civic duty, after he has provided the necessities of life in sufficient amount so that he and his family can do efficient work.

Families living upon an income received from securities frequently spend it all, feeling that if they have not encroached upon their principal they

SPENDING THE FAMILY INCOME

are quite safe. Indeed, one of the expressions most frequently used to describe a luxury income is, "He doesn't begin to spend his income." As a matter of fact, most people who have spent the whole of their income from securities during recent years have found that same income greatly reduced of late, owing to the shrinkage in values, suspended dividends and the reduced purchasing power of the dollar. It has been pretty definitely shown that if the total value of the income is to be maintained, a considerable portion of it should be reinvested each year.¹

Ten per cent of the income is often given as the amount which should be saved and many people follow that rule without regard to conditions. To say that ten per cent of a family income must be saved is to apply a specific rule to a special problem in an arbitrary fashion which might result disastrously. If ten per cent can be saved without reducing the efficiency or health of the members of the family, then ten per cent makes a very good starting point for a saving plan. When people are young it is often possible for them to save more than ten per cent and to do so means greater returns and less strain later in life. Application of the ten per cent rule tends to make a family satisfied with

¹ Cromwell's "The American Business Woman", pages 2-9.

STANDARDS FOR SAVING

saving. Study of future needs and a plan for saving which will meet those needs provides an incentive which often results in putting away more than ten per cent, because the family is working toward a goal instead of following an arbitrary rule without any of the zest of accomplishment.

To say that an individual should be satisfied with saving ten per cent or even fifteen per cent is as foolish, for many people who are without family cares can easily save as much as thirty-three per cent or fifty per cent without reducing efficiency or comfort; and to save is, as has been shown, a civic as well as a personal duty. On the other hand, there are families and individuals who have such legitimate demands upon their incomes that to save as much as ten per cent is impossible if daily life is to be sufficiently comfortable to enable them to do good work in the world. No one should save at the expense of health or decent living, and business equipment must be provided if the income is to continue, but a distinction should be made between well-being and luxury; to refrain from saving in order to purchase luxuries is as wrong as to save according to a rule and allow the health to suffer until the income is reduced as a natural result.

An arbitrary application of the ten per cent rule

SPENDING THE FAMILY INCOME

might easily prevent the family living upon an income derived from securities from becoming conscious of the need to save and reinvest a much larger percentage of their annual income if they wish to maintain its standard of purchasing power.

For several years insurance companies have used as advertising material the very suggestive charts given below. Whether these statements are based upon authentic figures or not I do not know, but my own observation leads me to believe that they contain more than a grain of truth.

This indicates 100 men, representing an average group of Americans starting out in life

<p>At age 35 of these men</p> <p>5 have died</p> <p>10 are wealthy</p> <p>10 are well-to-do</p> <p>40 live on their earnings</p> <p>35 show no improvement</p>	<p>At age 45 of these men</p> <p>16 have died</p> <p>1 is wealthy</p> <p>3 are well-to-do</p> <p>65 live on their earnings</p> <p>15 are no longer self-supporting</p>	<p>At age 55 of these men</p> <p>20 have died</p> <p>1 is wealthy</p> <p>3 are well-to-do</p> <p>46 live on their earnings</p> <p>30 are not self-supporting</p>
<p>At age 65 of these men</p> <p>36 have died</p> <p>1 is wealthy</p> <p>4 are well-to-do</p> <p>5 live on their earnings</p> <p>54 are not self-supporting</p>	<p>At age 75 of these men</p> <p>63 have died</p> <p>1 is wealthy</p> <p>2 are well-to-do</p> <p>34 are dependent</p>	<p>Estates at Death of 100 men</p> <p>1 leaves wealth</p> <p>2 leave comfort</p> <p>15 leave from \$2,000 to \$10,000</p> <p>82 leave nothing</p>

STANDARDS FOR SAVING

Financial Condition of 100 Widows

18 live on their incomes
47 supplement incomes by working
35 are dependent

Saving by a plan which will result in building an income for the future must avert a large part of the disaster indicated by these charts, and even where it is manifestly impossible to create an estate which will yield the standard of comfort and well-being maintained during the productive years, it is evident that an income which will prevent entire dependence would be a tremendous gain over the condition which now exists.

Men and women have insured their lives in favor of their dependents but in most cases without making a careful study of the probable needs of these dependents and provision for an income adequate to ensure their comparative comfort.

The family with a *comfort income*, in making a saving plan, should consider not only the amount of insurance which it is desirable to carry, but the way in which it shall be paid to the family in order to provide the maximum amount of comfort and safety during the years when the children must be supported. Such a saving plan should also include provision for an emergency fund readily accessible and sufficient for probable needs; and a third fund

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for special purposes, like the purchase of a house or education for the children, etc.

What income do you wish to leave your family? To accumulate an estate requires careful planning with a definite goal in mind and the realization that the result is dependent upon the amount of the annual savings.

Statistics show that a healthy man may expect to live the number of years and attain to the age shown in the following table:

TABLE I. — LIFE EXPECTANCY OF HEALTHY INDIVIDUALS OF VARIOUS YEARS OF AGE

Age at Last Birthday	Age likely to be Attained	Years of Expectancy
15	60	45
20	62	42
25	64	39
30	65	35
35	67	32
40	68	28
45	70	25
50	71	21
55	72	17
60	74	14
65	76	11
70	78	8

STANDARDS FOR SAVING

TABLE II. — COMPOUND INTEREST TABLE. ONE HUNDRED DOLLAR PRINCIPAL

The sum to which \$100 principal will increase at interest compounded annually in one to five decades at 5%, 6%, 7%, 8%, and 10% per annum.

Rate per Annum at which Compounded	Amount of Accumulation at Year Designated				
	10	20	30	40	50
5	\$163	\$265	\$ 432	\$ 704	\$ 1147
6	179	321	574	1029	1842
7	197	387	761	1497	2945
8	216	466	1006	2172	4690
10	259	673	1745	4525	11738

TABLE III. — COMPOUND INTEREST TABLE. ONE HUNDRED DOLLARS PER ANNUM

The sum to which \$100 per annum, paid at the beginning of each year, will increase at compound interest, in one to five decades at 6% and 8% per annum.

Rate per Annum at which Compounded	Amount of Accumulation at Year Designated				
	10	20	30	40	50
6	\$1397	\$3899	\$ 8390	\$16415	\$30810
8	1464	4942	12234	27978	61967

Note some of the following results of a few years of consistent accumulation of estate:

- \$100,000....\$162 a year compounded at 8% for 50 years
- \$100,000....\$817 a year compounded at 8% for 30 years
- 50,000....\$305 a year compounded at 6% for 40 years

SPENDING THE FAMILY INCOME

From these tables it is evident that the amount of annual savings and the regularity with which these savings are made are two of the vital factors in accumulating an estate; the third factor is the safety of the investments chosen, and the fourth the amount of interest which is received on the investments.

The earlier in life one begins to save the more surely is the desired result obtained, and the strain upon the income and daily sacrifice of one's desire for luxury is much less when the saving is distributed over a large number of years than is possible if the necessity for saving only presents itself after the enthusiasm of youth is gone.

It is well in making a plan for constructive saving to allow for the fact that there will be times when it is impossible to save and to set the goal as high as possible in order not to fail to attain a good average. "How much should we save?" should be answered by the counter question, "Why are you saving?" If the answer is for emergency, then you must define the emergency for which you wish to provide — illness or non-employment — and the general opinion of business men seems to be that for incomes below \$2,000 the equivalent of one year's income in the savings bank is necessary if an

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individual or a family are to be able to cope successfully with emergencies.

If the savings are to be made toward the purchase of a house, the location, size and type of house must be defined; the cost of the lot must be considered, and the saver must estimate the total sum required to pay for the house; ascertain how much cash he must have in hand before beginning to build or purchase and upon what terms he can arrange to pay the balance of the money. The advantages offered by the purchase of coöperative bank shares, the possibility of borrowing from a savings bank, the various opportunities for second mortgages all enter into consideration of this problem in constructive saving. With such an estimate the amount which must be saved each year will be evident, and saving can be planned which will accomplish the desired result within a definite period of time.

When the savings are to be invested in the education of the children the same general method of estimate is necessary. When shall we wish to use the money? How much probably will be necessary? How much must be saved each year in order to provide this amount by the time the children are ready for college? How can we be sure that we shall have enough money at the

SPENDING THE FAMILY INCOME

proper time? How should this saving be made if it is to be done with the least strain upon our income? A savings bank account, coöperative bank shares or endowment insurance are all of them of great assistance in saving for an object which is to be purchased in the more or less definite future.

It is impossible to determine in advance the precise sum which would be necessary if one were to be ready to take advantage of a business opportunity, but the person who saves with the idea of accumulating a bank account equal to a year's salary will, when his goal is reached, be able to continue his saving on the same basis, keeping the second fund for emergencies and thus being in a position to invest the first fund when good opportunity presents itself.

If the reason for saving is to provide an income for one's old age, the plan might include endowment insurance as well as a carefully developed scheme of investment.

When the income to be provided is for the benefit of one's heirs, straight life insurance and reliable securities may be considered a good basis for the plan.

The individual dependent upon his earnings looks forward to the time when he can no longer

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earn and must obtain support from his savings or be dependent upon other people. Such a condition can be avoided only if provision is made for an income which will continue after earning ceases. Constructive saving makes a continuous income possible and if the savings are made with that purpose in mind, the income will be more likely to be sufficient to meet the needs than is the case when there has been no constructive plan for ensuring such an income.

Bolton Hall says that "Life is not made for saving, but savings are made that life may be more abundant." Whether savings insure more abundant life to the individual, to his family or to the community does not affect the truth of this statement. When savings are made and hoarded in a stocking they accumulate little, either in purchasing power or in possibilities for abundant life, but when the same money is put to work for the production of useful things which will add to the good of the whole people, life has indeed been made more abundant for all. Unless we save and use for constructive purposes as much money as we are spending for mere luxuries we are not planning our expenditures on a stable basis.

To spend first and then save is equally bad in policy. Those who save successfully and regu-

SPENDING THE FAMILY INCOME

larly do so because they plan carefully, fix the amount they wish to save and save that amount before spending, then forget they have had the money and spend as if the remainder were all that had ever been available.

CHAPTER IV

STANDARDS FOR SHELTER

The smallest income must provide some sort of shelter and the poorest shelter must have a roof, walls and a floor. The first increase in the amount of income available for shelter will usually be spent for possibilities of cleanliness, sanitary conveniences, and a degree of privacy for individuals. Further increases will be used for added comfort, and later for better location and appearance, with recognition of the desirability of living where opportunities for social, religious and educational connections are possible.

Certain decisions must be made before formulating standards for shelter. One must choose between city, suburban, town or country life. If a family lives in the country, it is desirous of space sufficient for privacy; if in a town, for a yard; if in a city, for a backyard; if in an apartment, space for air and sun. The amount of privacy possible for individuals is determined by the size of the income, the number in the family and the houses

SPENDING THE FAMILY INCOME

available for rent in the community. The question of location is important. Convenient proximity to business, church, schools, social center and railway must be considered. Are there individuals in the family whose condition of health or strength necessitates especial care in choice of climate, location or arrangement of rooms? Must social advantages be sacrificed for comfort, or comfort and convenience be relinquished for business reasons? Does the family own property which does not meet its demands? Can changes be made so that it will be suitable, or shall it be rented and something hired which is satisfactory?

Standards of living determine the size of the house and whether it is to be hired or owned. Will a single or a double house or an apartment best meet the need? The advantages of an apartment are low operating costs, heat, water, service and a minimum amount of care. Some of the advantages of living in a house are greater privacy for individuals, more freedom of movement, greater space, stronger sense of permanency. The question of buying or renting must be answered by the individual after studying his own problem. To own one's house develops home feeling, removes temptation to change carelessly, develops civic pride and concern and gratifies a

STANDARDS FOR SHELTER

desire for ownership. On the other hand it is often impossible in large cities, and the cost of ownership in the suburbs is increasing. Ownership entails responsibilities and sometimes makes a change of location for business purposes difficult. The decision must be made after thorough study and weighing of the conditions surrounding the individual. The child growing up in "our own house" has memories, associations, habits and development very different from those of the child who has moved from house to house. The better citizen is probably developed from the child who has a sense of permanence in a locality.

Having decided upon the location, type of house, ownership or rental, other questions present themselves.

Shall you require one, two or more bathrooms or none? How many sleeping rooms will be necessary? Will one living room be sufficient? How many rooms must be provided for service? Shall the living room serve as nursery, or must there be an extra room? Do you insist upon a serving pantry, or will a china closet answer your purpose. What about gas, electricity, hot water and heating plant? If these are not already installed, what will be the cost of obtaining them?

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How many closets must there be? What are your requirements for cellar, storeroom, lawn, garden?

The essentials in shelter for any size income are those which make life safe, physically, mentally and morally. Air, space, light, water, sanitation, good drainage, good cellar; clean streets, walks and gutters; honest, clean-minded neighbors, the absence of a rough element and immoral conditions are essentials. The family hiring or purchasing a house should consider the surroundings very carefully, especially if the selling price or rental asked is smaller than might be expected. If the neighborhood is running down, the cause for the low price may become a menace either to health or to the morals of the family. When choosing a house, either for rent or ownership, the cost of maintenance should be a factor in the decision. If it is an old house out of repair, the cost of putting it into condition may be prohibitive. Cheap construction, poor location or plan may cause difficulty in heating it, so that the cost of operating is excessive.

The cost of shelter includes business and regular school carfares as well as rent. It is frequently possible to avoid having to pay carfare if, in choosing, the demands of the individual family in regard

STANDARDS FOR SHELTER

to business, church, schools, social life and train service are considered. If the house is owned, interest on the money invested, taxes, repairs and upkeep, depreciation, fire insurance and business carfares constitute the actual cost of shelter; but to add the estimate of interest on the money invested to the income and then to the cost of shelter, when no money is actually involved, complicates the household accounts, and it is simpler to include in the budget only the interest on a mortgage when there is one.

The wise house owner will set aside a house fund in which he will deposit each month the amount of money he would pay for rent if he hired the house. A separate bank account makes it less likely that this money will be borrowed for other purposes. He will thus have a sinking fund from which to pay taxes, insurance and interest when they are due, and will be able to make desirable repairs when they are needed, beside having a surplus which will accumulate either to enlarge and improve the house, or to use for investment later. Intelligent standards in shelter will result in the choice of a location and house which are safe physically, mentally and morally, the appearance of which belittles rather than exaggerates the size of the income. To spend

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below the possible limit for shelter is far more desirable than to lower the standards for development and food. Society's guide to one's standards should be based upon the expenditures for development, rather than upon a false impression gained from an excessive amount spent for shelter. When the cost of shelter alone is in excess of a sum which is reasonable, the allotment for food or for development is reduced. This is not a desirable distribution, and except with a very small income should never occur. In case the rent includes heat and water and some service, as in an apartment, the excess which is due to the cost of heat and water reduces operating costs and is legitimate.

While it is never wise to say positively that any arbitrary amount is invariably safe or unsafe for a family to spend for shelter, results in working out a large number of budgets have shown conclusively that if the cost of rent or ownership exceeds one-fifth of the net income (after savings and income tax have been subtracted) the family is likely to have difficulty in paying comfortable operating expenses, is decidedly cramped in expenditures for development, or is not saving a reasonable sum. Stated as a rule, one might say that under ordinary conditions a family living on a comfortable income

STANDARDS FOR SHELTER

should pay one-fifth or less for rent or ownership, that one-tenth of the cost of a house must be set aside each year to pay for rent (as taxes, insurance, repairs, depreciation and interest) and that unless an increase in income is to be expected almost immediately, a family is not justified in investing more than twice its annual income in the purchase or building of a house.

The budget maker should be able to tell from a frank statement of his standards whether he has been demanding luxury in shelter from an income only large enough to warrant comfort, or comfort when the size of the income indicates only "living" standards. If the cost of the shelter provided is too high for the income, other standards must suffer and one will be in the position of a shop-keeper who places all his stock in the window, leaving nothing to sell from the shelves.

CHAPTER V

STANDARDS FOR FOOD

Food is provided for the primary purpose of nourishing the body, but good food, attractively served, may be assimilated better by a given individual than the same food poorly cooked and carelessly served. Therefore, in addition to providing food for health and efficiency, there should be a return in enjoyment. Training in good food habits is helpful. Thought should be given to the value of food in the body rather than to the pleasure of the palate; the tendency will then be toward enjoyment because of delicate seasoning, good cooking and attractive serving, rather than because of rare flavors, out of season delicacies and complicated processes of cookery.

Food standards for a family may be in accord with other expenditures, but the meals should be planned with dietetic rules well in mind. Good food, well cooked, attractively served, without too frequent repetition and without undue cost for material and preparation, or excessive waste either in purchase, care, preparation or serving

STANDARDS FOR FOOD

should be the standard for any income. Simplicity of choice is desirable, as it provides necessary nutrients at less expense. Simplicity in preparation saves time, and the result is food which has retained its natural flavors and is more easily digested. Simplicity in serving saves paid service, or the strength of the housekeeper, and tends toward a more comfortable attitude of mind if the family is suddenly deprived of the usual amount of formal service.

Good economics may not justify eating at home but the home table is justified by other returns than the economic. The freedom from publicity makes possible the training of children in self-control and regard for others. Adults and children become responsible for pleasant speech, interest in the affairs of the family and discussion of questions of moment. The returns for the money invested in home life are not expressed in dollars and cents, but in terms of flesh and blood, comfort and health, family interest and enjoyment, efficiency and community interest. At present the aesthetic value of the family table seems sufficient to warrant the expense necessary to maintain it, but that value may be lost entirely in individual cases if care is not used. The common dining room, with its lack of privacy and loss of individuality, can be maintained at less

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expense than the home table. Less duplication of effort and waste of time with greater freedom from care are the advantages which the community dining room offers, but until it can also give to the members of the family equal satisfaction, pleasure and training in the fundamentals of fine family relationships, it will be worth while to continue the serving of food to family groups in separate dining rooms at any possible cost in money.

The cost of food includes the cost of production, distribution, preparation, serving and disposal of waste. Cost of production means the cost of seed, rent or interest on the ground used, labor, machinery, waste from weather or disease and loss in harvesting. Distribution includes the cost of transportation, packing, handling, wrapping and delivery, while the cost of preparation and serving is the cost of service, heat, loss in preparation and serving and waste in digestion. The housekeeper who is definitely planning her food standards must study the value of foods to the body. Her questions should be, "Can I afford to buy? Can I afford not to buy?" "Is this food necessary to maintain or increase the efficiency of the family?" "Does its usefulness warrant its cost?" To answer these requires a knowledge of the purpose for which she intends to use the food and

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its suitability for the purpose. "Would a cheaper substitute give as good results?" Foods may be valuable for variety, concentration, succulence, bulk, color, crispness or flavor as well as for the nutriment they contain. The money spent for a bunch of radishes in the late winter may give little return so far as the nutriment is concerned, but the value of the crispness and color is great, when an otherwise dull menu has been brightened sufficiently to make it interesting for every one.

Consideration of food values and of the waste in preparation and serving, definite standards for service, the number of courses demanded, the frequency with which the same dishes may be served, the use of left-overs and out-of-season foods all influence the cost of food for a family. Butter, meat, eggs, fish and cheese, fresh fruits, cream and out-of-season vegetables are the most expensive foods. Self-denial practised in their use, the serving of less expensive substitutes for the more costly foods and simple desserts instead of rich "made" dishes all tend to reduce food costs. One has always to remember that with protein dishes, especially of meat, those which cook quickly are the most expensive cuts and the more costly desserts are frequently those which require elaborate preparation.

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Each housekeeper must decide for herself, after due consideration of all conditions, whether she shall cook at home, or purchase cooked food; whether she shall bake her own bread, or use a baker's product. It may be that extra costs are more than balanced by the difference in the amount of service or strength required. The housekeeper, in making a statement of her food standards, must decide whether she will serve simple or elaborate breakfasts, with fresh fruit, cream and hearty dish; midday or evening dinner with one, two or three courses, choice or less expensive meats, two or three vegetables, native or out-of-season vegetables or fruits, rich or simple desserts. Made dishes, the use of left-overs, the absence or addition of soups and salads all add to or subtract from the expense and at the same time affect the work of preparation.

It is well to begin with the minimum amount of money for which adequate food can be provided. The number in the family, age, occupation and health of the individuals must all be considered. Decide first what foods are necessary for the *health* of the family. Estimate the cost of these foods for a week. If the total is more than should be spent for food, consider whether less expensive substitutes with the same food value can be used in

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place of some of the more costly articles on the list. If the foods necessary to health do not use all of the money available, additions may be made which will give greater interest and attractiveness to the diet. The minimum cost of adequate food varies with the locality, the number of children or old people in the family and the changing market conditions. At the present time it is close to fifty cents a day per person. Five years ago it was near to thirty cents, and ten years ago was from twenty-two to twenty-five cents, depending upon the locality.

There are various rules for the apportionment among the different groups of food. Of every dollar, spend for

Meat, eggs and fish20 cents, or less
Milk (1 pint to each child, ½ quart to each adult)20 cents, or more
Cereals and bread20 cents, or more
Vegetables and fruit20 cents, more or less
Fats, sugar and other groceries20 cents, or less

\$1.00

Another plan for spending a *minimum* food allowance is to use milk as the basis: one-third of a quart to each adult; one pint for each child. ²

¹ Bureau of Home Economics, Department of Agriculture. Thrift leaflet No. 15.

² It should be noted that this is the minimum amount of milk — one quart for each child and one pint for each adult is a safer amount.

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No meat, eggs and fish until the full amount of milk has been purchased, and then not more than one-fifth of the total food allowance.

Fruit and vegetables, for each person as much as has been spent for meat.

Fats, 2 ounces for each adult; one and one half to two ounces for each child.

Cereals and bread, from one-fifth to two-fifths of the total food allowance.

Sugar and other sweets, two and one-half ounces for each person.

Doctor Graham Lusk has said that no family of five should purchase meat until they have first purchased three quarts of milk.

It is evident that when the food allowance is small, great care must be used if adequate food is to be provided. When there is more than a minimum food allowance, the diet may be more varied and will be more interesting. The danger which the budget maker must guard against is the tendency to increase the expenditures for food with every addition to the income, frequently beyond the amount consistent with that spent for development.

The results desired are first: health and power to work; second: enjoyment which is keen and yet not so consuming as to make one lose sight of the

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first requirement. Simplicity in the choice of foods makes possible greater expenditure for development and greater comfort in operating, with less need for paid service. Those families which live on the minimum amount of food necessary for nourishment must eat to live, not live to eat, must have appetites made keen by work or exercise and have the incentive of great need, or of intense desire to accomplish something else with their money. It takes less money per person to provide food for a large family than for a small one, but whether the family is large or small, the success of the expenditure for food is indicated by the resulting health and ability to work.

The businesslike homemaker will wish to handle food problems in a businesslike way and will plan what she can spend, will know how much nourishment she should provide and will endeavor to make the money, nourishment, gratification of appetite and tastes correspond; in other words, will make a food budget. In making a food budget for a family, the housekeeper may plan first the separate meals, taking care that she considers food value, individual tastes, variety, material on hand and costs (in the market, of preparation and of waste); then make out a grocery order, and if she has the necessary

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knowledge she will find it an exciting game to work the whole out in calories. She will then know whether she is furnishing the proper amount of each group of foods. This plan is possible only when the income warrants a food budget without great restriction as to cost. When the income is small, it is safer to start with the number of calories necessary for a week's meals and plan a grocery order of staple foods with that caloric value. Give heed to the proportion of milk, meat and vegetables, substitute cheaper materials of the same food value in order to reduce expenses, but always take great care to keep the necessary amount of milk, leafy vegetables and fruit. She can then separate the totals into meals, planning different and attractive ways of serving to prevent repetition. Such food budgets will give better food with greater variety at less cost than when the plans are made from day to day.

CHAPTER VI

STANDARDS FOR CLOTHING

Clothing should serve to protect the body from heat and cold, to satisfy one's own sense of the beautiful, and to gratify the eyes of one's friends. Protection is the first object, gratification the second and this order should be kept in mind when choosing. Carelessness in the selection of clothing is inexcusable with any income and a tragedy with a moderate income. Certain fabrics are admittedly beyond our means, others are possible in limited quantities, others less expensive or more durable must be used frequently. Quality and quantity should be studied, and the occupation, social life and special needs of the individuals taken into consideration.

The business of the family; the social standing of the parents; the school affiliations of the children; the clothes worn by their associates; the ability of the mother to sew; country or city life; the way the summers are spent; the opportunity to pass on clothes out-grown to the next in size; all must influence the making of a clothes budget.

SPENDING THE FAMILY INCOME

The cost of clothing includes the original price, the cost of care and of articles necessary to wear with it. One should be very sure that each article purchased is needed, is suitable in style, material and quality for the purpose for which it is intended, is as beautiful as can be afforded and will wear long enough to warrant its purchase. It must not only stand usage, but it should be of such color, style and material that the person who must wear it will not tire of it before it is worn out. For this reason extreme fashion, unbecoming styles, colors and trimmings should be avoided, as well as material unsuitable for the purposes for which the garment is to be used. The wardrobe is much more successful if it has been considered as a whole. If each article purchased is chosen because it agrees in color, style and quality with other articles already on hand, the whole clothing outfit will be more suitable, more beautiful and more durable in satisfaction.

The quality of undergarments should be consistent with that of the outer garments worn and always in accord with the purpose which they are to serve. Camp life, business life, social life each demand different fabrics, and what is suitable for one kind of life is frequently absolutely unsuitable for another. While it is possible that one person

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might use several kinds of materials, it is as undesirable that the business girl or woman should wear to business fabrics suitable only for social functions as it is that the business man should wear corduroy hunting clothes to the office. Silk lingerie is not consistent with knitted shirts from the five and ten-cent store, nor should silk stockings be permissible with patched or coarse underwear. Honest standards in clothing require consideration of fitness and consistency in the combination and use of fabrics.

A chart like the following will prove of use in formulating clothing standards. A great difficulty with most of us is that we have standards of which we are not clearly conscious, and because we do not recognize them as standards, we frequently make purchases which are not consistent. Our clothing in consequence is inadequate and unsatisfactory. While the details given on the chart are not new, a study of them does insure decisions which compel us to think and make conscious choice.

SPENDING THE FAMILY INCOME

MY STANDARDS ARE

Materials

{ silk
wool
cotton
weave
texture
suitability for
 climate
 health
 work
 social life
quality
 coarse
 fine
 superfine
colors
 fast or fade easily
 for effect
 suited to the individual

Making

{ homemade
 machine
 hand work
ready-made
custom-made
 seamstress
 dressmaker
 tailor
 “modiste”
remade
 for owner
 for other members of family

Style

{ latest fad
new each season
conservative — good as long as it lasts
finish and line
quality of material

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Trimmings	{ hand or machine-made durable or fragile quiet in color or design conspicuous
Replacement	{ when styles change when tired of the garment when worn out when half worn when outgrown when it will give better service to some one else when no longer in active service
Clothing Care	{ shaking and airing cotton or linen brushing and airing wool materials removal of spots hanging or folding covering in closets cleansing and redyeing mending and darning sponging and pressing summer storage winter storage
Shoe Care	{ use of shoe-trees airing, cleaning and polishing shoes straigh tening heels resoling half soles whole soles stitching rips relining heels

To make a clothing budget, list all the articles of clothing worn under four heads: Inner clothing, Outer clothing, Street clothing, Accessories.¹

¹ See charts, pages 56-59.

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This list should not be burdened with articles never worn by the person making the budget but should include everything which is in the wardrobe. In the first column write the number of each which would be necessary for use during a year, in the second column the number already on hand which will not need to be replaced during the year. This requires care and judgment as to durability. For example, if twelve pair of stockings are normally purchased each year and six good pair are on hand, it means that before the year is over the inventory shows that six pair of stockings must be purchased. If, on the other hand, three of the six pair are already nearly worn out, they should not be considered in the budget, and nine pair should be entered in the column marked "Number to purchase." In the third column write the average cost of the articles on hand. In the fourth column, the number which must be purchased in order to keep up the standard of the first column. In the next column, put the amount which it seems wise to plan to spend in buying the articles found to be necessary. This amount will be affected by changes in price since the last purchases. The last two columns are to be used later for the record of what is actually spent and the difference between that and what it is planned to spend.

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When all estimates are made, add the amounts in the fifth column and compare the total with the amount of the income which has been allowed for clothing. If the total of the fifth column exceeds the total of the original plan, one must go over the list and reduce it, eliminating the articles which were not really needed. If it is still impossible to make the two totals come together, one must either reduce the quality of some of the articles, or again reduce the quantity. To make a successful clothing budget, one must be willing to face facts and plan with the limitations of the income as well as one's desires in mind.

Do not try to buy everything that the budget calls for at once, but as articles are discovered in the market which satisfy and which have been planned for, take advantage of it, jotting down the amount spent in the next to the last column, and the amount saved or exceeded in the last column. If an unexpected need appears, it may prove that enough has been saved on some other things to make its purchase possible. If not, it is necessary to give up some definite thing in order to provide for the emergency.

A better clothing budget will result if the whole year is planned for at one time. Then, if conditions change, the budget can be altered to meet the

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new conditions by making deliberate choices, giving up one thing in order to get something else. It is obviously impossible to tell in the fall exactly what the summer needs will be; but if the clothing allowance is limited, it is just as obvious that the money available for spring and summer clothing will be what is left after the winter needs have been met. If, during the fall and winter, money is spent without regard to the rest of the year, the next season is sure to be a lean one, or the clothing appropriation will be overrun. It is far better to plan on expenditures for a normal, average year than it is to refuse to plan because the coming season may differ in its demands from the usual. If the abnormal demands come, the money can be spent to the best advantage at the time, and there is sure to be more available than there would have been if no plan had been made.]

With the budget made out for the year, it becomes a matter of course to buy when it suits the money supply, or when one sees a thing he wants at the price which he has planned to pay. The objection may be made that it is impossible to tell what it will be necessary to pay for a garment a whole year ahead. That is true, but one knows what he is in the habit of paying, and if, when the time comes, he finds that the thing planned for

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cannot be obtained at the price he planned to pay, he will then be obliged to accept a poorer quality, or give up something else in order to keep to the standard which he has always had.

Such a survey of the wardrobe and plan for replenishing will show when there are more articles on hand than are needed, prevent needless buying, and almost invariably result in including in the wardrobe various articles which have always been wished for but which it has seemed unwise to afford to purchase. The following lists may include articles unnecessary to many people; if so, they can be ignored. The figures in the lists indicate the way in which the different columns are to be used.

When articles are not purchased every year and do not conveniently alternate with some other article of about equal value — for example, a fur coat or an evening wrap — it is well to set aside a sum each year as a sinking fund to replace the garment when desirable. If a fur coat will presumably last five years, one-fifth of its value should be placed in the sinking fund each year. Jewelry which is to be purchased by the wearer might alternate with other large and infrequent expenditures like that for furs.

Clothing Budget (Woman)

	Number required	Number on hand	Average cost	Number to purchase	Amount to spend	Amount spent	Amount different
UNDERWEAR							
Union suits.....							
Undervests.....							
Corsets.....							
Brassieres.....	4						
Camisoles.....							
Chemises.....							
Bloomers.....	6						
Stockings, silk.....	10						
cotton.....							
woolen.....							
Nightdresses.....	6	4	\$2.00	2	\$4.50	\$4.25	\$.25 ¹ -
Negligees.....							
Bathrobe.....							
Skirts, cotton.....							
silk.....							
OUTER CLOTHING ..							
Dresses, street.....							
house.....							
business.....							
afternoon.....							
summer.....							
evening.....							
Skirts, wash.....							
silk.....							
sport.....							
wool.....							
Blouses, suit.....							
lingerie.....							
Footwear.....							
dress shoes.....							
street shoes.....	2	1	\$7.50	1	\$7.50	\$8.00	\$.50 ¹ +
sport shoes.....							
gaiters.....							
rubbers.....	2		\$1.00	2	\$2.00		
overshoes.....							
STREET CLOTHING							
Suits, spring.....							
summer.....							
winter.....							
sport.....							
Coats, spring.....							
winter (dress)...							

	Number required	Number on hand	Average cost	Number to purchase	Amount to spend	Amount spent	Amount different
automobile.....							
evening.....							
sport.....							
sweater.....							
rain.....							
Hats, spring.....							
summer.....							
winter.....							
sport.....							
ACCESSORIES.....							
Belts.....							
Neckwear.....							
Gloves.....							
Veils.....							
Handkerchiefs.....							

¹ The \$.25 saved from the nightdress was used for the street shoes and \$.25 more must be saved from some other purchase.

Clothing Budget (Man)

UNDERWEAR.....							
Union suits.....							
Undervests.....							
Drawers.....							
Athletic.....							
Pajamas.....							
Nightshirts.....	6	4	\$1.75	2	\$3.50	\$3.00	\$.50 ¹ -
Bathrobe.....							
Socks, cotton.....							
silk.....							
wool.....							
Bathing suit.....							
OUTER CLOTHING..							
Shirts, street.....							
dress.....							
sport.....							
Suits, business.....							
dress.....							
sport.....							
wash.....							
Extra coats.....							
vests.....							
trousers.....							
jumper.....							
overalls.....							

	Number required	Number on hand	Average cost	Number to purchase	Amount to spend	Amount spent	Amount different
Footwear.....							
Street shoes.....	2	1	\$10.00	1	\$10.00	\$11.00	\$1.00 ¹ +
House shoes.....							
Sport shoes.....							
Slippers.....							
Overshoes.....							
Rubbers.....							
Gaiters.....							
Rubber boots.....							
STREET CLOTHING							
Overcoats.....							
Light.....							
Heavy.....							
Motor.....							
Fur.....							
Rain.....							
Sweaters.....							
Hats, dress.....							
business.....							
cap.....							
straw.....							
ACCESSORIES.....							
Belts.....							
Suspenders.....							
Garters.....							
Studs.....							
Collars.....							
Ties.....							
Muffler.....							
Handkerchiefs.....							

¹ The \$.50 saved from the nightshirt was used for the street shoes and \$.50 more must be saved from some other purchase.

Clothing Budget (Child)

UNDERWEAR.....							
Union suits.....							
Undervests.....							
Drawers.....							
Waists.....							
Princess slips.....							
Bloomers.....							
Petticoats.....							
Nightgowns.....							
Bathrobes.....							

	Number required	Number on hand	Average cost	Number to purchase	Amount to spend	Amount spent	Amount different
Stockings.....							
cotton.....							
woolen.....							
Bathing suit.....							
OUTER CLOTHING							
Suits, wash.....							
wool.....							
athletic.....							
Extra trousers.....							
Dresses, wash.....							
wool.....							
Rompers.....							
Aprons.....							
Overalls.....							
Footwear.....							
dress shoes.....							
school shoes.....							
house shoes.....							
sneakers.....							
bath shoes.....							
overshoes.....							
rubbers.....							
rubber boots.....							
skating boots.....							
STREET CLOTHING							
Coats, winter.....							
spring.....							
rain.....							
sweater.....							
Hats, winter.....							
spring.....							
summer.....							
caps.....							
ACCESSORIES.....							
Hair ribbons.....							
Belts.....							
Ties.....							
Sashes.....							
Gloves.....							
Garters.....							
Collars.....							
Mufflers.....							
Mittens.....							
Handkerchiefs.....							

CHAPTER VII

STANDARDS FOR OPERATING EXPENSES

The standards for operating should be in accordance with those for shelter and clothing. A family with a moderate income must often choose between the pleasures and advantages of recreation, social life and education, and the comfort and ease which may result from spending more money for operating. Absolutely necessary operating expenses are for heat, light and water. When those are provided and there is still money available, it is used for laundry; service; telephone; repairs and replacement of equipment; household supplies, as candles, soap, paper, brushes, etc.; miscellaneous expenditures for postage, express, etc. The regular purchase of flowers for the house might be considered an operating expense. In some cases flowers must be counted as a part of the cost of entertaining, in others a form of personal indulgence or gifts. The budget maker should take time to formulate standards and make the budget with those standards clearly in mind. When there are bills for a previous season these should be consulted; the fuel

STANDARDS FOR OPERATING EXPENSES

budget can best be planned if the number of tons of coal necessary is known, but with no records of the past for guidance, a reliable dealer will estimate the amount of coal needed very accurately. One dealer has said that a ton of coal for each one hundred square feet of floor space is a safe estimate, but that the height of ceilings and open hall spaces, kind of plaster used and the thickness of the walls affect the total amount appreciably. A house built with lining paper in the walls requires less coal than one unlined. After a careful estimate is made, the man of the house should, by care and attention to the problem, endeavor to run the fire so economically as to beat his budget. Careful watch on the kitchen stove will save many a hod of coal. The electric light bill can be estimated by counting the number of bulbs with their wattage and averaging the number of hours per day each will probably be burned. For example, in a city where the charge is ten cents a kilowatt hour, a three-room apartment has nine fixtures, two 10-watt bulbs, six 25-watt bulbs, one 40-watt bulb. A toaster and flatiron are also used. The cost of electricity for that apartment was estimated in the following way:

10-watt bulb averaging 20 minutes a day, or 10 hours a month, 100 watts a month for 1 cent.

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10-watt bulb averaging $1\frac{1}{2}$ hours a day, or 45 hours a month, 450 watts a month for $4\frac{1}{2}$ cents.

25-watt bulb averaging 2 hours a day, or 60 hours a month, 1500 watts a month, for 15 cents.

40-watt bulb averaging 10 hours a month, or 400 watts, for 4 cents.

25-watt bulb averaging 1 hour a day, or 30 hours a month, 750 watts at $7\frac{1}{2}$ cents.

25-watt bulb averaging 1 hour a day, or 30 hours a month, 750 watts for $7\frac{1}{2}$ cents.

100
450
1500
400
750
<u>750</u>

3950 watts for $39\frac{1}{2}$ cents.

A toaster is used about ten minutes each day, estimated to average two hours a week or eight hours a month, 561 watts an hour or 4488 a month for 44 cents. The flatiron used on an average of three hours a week or twelve hours a month burns 572 watts an hour or 6804 watts a month for 68 cents.

Light	3950
Toaster . . .	4488
Flatiron . .	<u>6804</u>

15,242 watts per month for \$1.52.

STANDARDS FOR OPERATING EXPENSES

The cost of lighting this apartment would easily be doubled if carbon bulbs were used. If 50-watt bulbs were in each fixture, the cost would be 92 cents a month for lights alone. In making the estimates, except in the use of the flatiron, an effort was made to plan on the maximum rather than the minimum time that electricity would be used. In summer the bills are smaller, but in winter they range from eleven to thirteen kilowatt hours and could reach fifteen kilowatt hours without causing the housekeeper to feel that she had been extravagant or was going beyond her budget.

The standards in shelter, food and clothing govern the standards for operating. The amount of paid service required depends largely upon the kind of shelter provided. Open rooms require more heat, light and care. More frequent and elaborate entertaining is possible in a large house than in a small one, and entertaining adds to other operating costs, especially light and service. Operating costs are less in an apartment where there is janitor service and where heat is furnished. The amount of service necessary is also affected by the choice and serving of food. If a simple table service is provided and only a few kinds of food offered at a meal, less service is necessary in the kitchen and the cost of preparing the food is reduced.

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Answering the telephone, constant demands for personal attention, elaborate table service all add to the cost and amount of necessary service. The housekeeper who insists upon living up to a formal standard must be prepared to pay for it in extra service charges, and every increase in paid service adds to the cost of food, light, fuel equipment and rent.

Standards in clothing affect the cost of laundry. Decisions in regard to the use of plain, trimmed or knit underwear, washable or woolen dresses, petticoats or bloomers for the girls, wash or serge suits for the boys, the number of times sheets, towels, pillow cases and table linen are changed are all vital when considering the cost of operating. Choice also must be made in regard to the method of getting the laundry work done, — wet wash, flat work and home service, all home service, all steam laundry, laundress by the day with sheets sent out, laundress taking the work home or the work done by the members of the family should all be considered, and a decision made on the basis of comparative cost and satisfaction.

Danger lies in the fact that one demand after another is made upon the budget for operating without realization of the aggregate. At least once in the year, at budget-making time, we should

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analyze our expenditures for operating carefully, select from them those which are essential either to well-being or comfort. If we reject those which are superfluous and add nothing to the real satisfactions of life, we shall live more sensibly on less money. For those who wish a guiding percentage, the average amount for operating allowed by most writers is twelve to fifteen per cent of the income, but the success of any budget is in the completeness with which it solves an individual problem, and the maker of the budget must be the judge of the operating costs for which it is necessary to provide from his income. The small leaks in household expenditure are most frequently found in the operating section; because they are small they are overlooked as of little or no consequence, but their sum total is large enough to add many much desired articles to the budget plan if the budget maker is only wise enough to discover and stop the leaks. Examine every operating expense: the careless use of light, water, fuel, telephone, table linen, towels or household supplies, the unrecognized increase in service demands, all produce leaks which are expensive. Operating expenses should be fixed at the lowest amount compatible with health and comfort and consistent with the other standards of living.

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One cost of operating which is frequently neglected is that for repair and replacement of equipment. Instead of setting aside a definite amount of money for repairs to equipment and once or twice a year making a careful survey of furniture, linen and bedding, and spending the money to the best advantage in repairing all breaks, taking stitches in time to save nine — and often to prevent total loss — the equipment is allowed to deteriorate until suddenly everything seems to be at the breaking point. Then either the entire furnishing must appear shabby, or everything must be repaired or replaced at once, and some really necessary purchases must be foregone in order to prevent the household goods from reaching a state of decrepitude which prevents comfortable living. A definite plan for the replacement of china, kitchen utensils and bed or table linen will prevent the tragedy of a vanishing supply at the moment when an overstrained bank account seems to make replacement impossible without depriving the family of necessities or leaving the taxes unpaid.

A distinction between replacement and new equipment must be made, as expenditures for the latter should be classed under development rather than as operating. Some one has said that any article which cost less than a dollar or would last

STANDARDS FOR OPERATING EXPENSES

less than a year belonged in operating, while more permanent additions to equipment were a matter of choice and should be charged to development. The money spent for replacing a broken drinking glass is thus assigned to operating, while a dozen new glasses of finer quality or design, purchased as new equipment, belong under development. When considering equipment like a washing-machine or vacuum cleaner, the purchase of which is to reduce operating expense for service, it is possible to arrange to pay for them from the money saved. Such purchase of worth-while household machinery for the reduction of labor seems justifiable whenever it can be shown that its use will reduce operating expenses or prevent doctor's bills, and if a system of partial payments makes it possible to obtain this equipment, the monthly payments are chargeable to operating.

Purchasing new furniture, a piano, victrola or automobile on such an instalment plan is a different matter and can hardly be justified by any reasoning. Payments of this sort are expensive and eat into the income. The purchases never "earn their keep," and it is a far safer and more cheerful procedure to save to buy than to buy and save to pay.

CHAPTER VIII

STANDARDS FOR DEVELOPMENT

The money spent for development of the spiritual, mental, social and physical sides of family life is indicative of the character of the spenders far more than is the money spent for food, clothing and shelter. True, expenditures for the other four groups may be in excess of the amount which is necessary, advisable or even desirable, but that may be due to ignorance or unwillingness to plan. The results are often unworthy the amount spent to obtain them and their cost so encroaches upon the resources, that the expenditures of a family become merely indicative of their desire for material things. But in the final arrangement of the budget, it is the plan for development which indicates the real preferences of the family.

Just as the budget of the individual should include provision for saving, "necessities" and development, so must the family consider the three and thus plan for well-rounded life. Personal taste, ideals, guiding principles, will cast the decid-

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ing vote as to the nature of expenditures for development. There is necessity for honest study of the problem with due consideration of all the needs and characteristics of the various members of the family. The choice should not be left to chance, for drifting leads often to the choice of the least good. Careful thought upon the subject brings a more definite sense of values — minimizes money value — and develops more constructively the principles which should guide the expenditure of money beyond that used for absolute necessities. Progress is only made through effort, and a drifting choice requires no effort. Decisions should be the result of conscious choice. At first the direction of choice is less important than the consciousness, for if the results are disappointing a lesson has been learned, and wiser choice will result a second time. Choose things which endure; choose those things which are suitable to the environment; choose because of personal ideals, not because of those of other people. Hold fast to the principle of growth, whether physical, spiritual or mental.

Conscious choice is only possible with a margin beyond that necessary for decent living. After that point is reached, one can choose between efficiency, luxury and savings. After efficiency has been obtained, choice is between greater refine-

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ments of mental and social life, physical luxury and savings. The incentive to wise choice may come from desire — or from force. Desire may be innate, springing from guiding principles, or the result of envy, which leads one to copy the life of his neighbor. Force may be applied by environment or business conditions.

Whether the margin beyond necessities is large or small, there are certain well-defined needs which should be considered. The wise family saves something for a rainy day; gives something to others, making service one of its guiding principles; spends something for mental, social and physical development. The expenditures for mental growth will include those for newspapers, books, tuition for special classes, lectures, perhaps concerts, travel, art; and those for social development must include entertaining and personal gifts. Spiritual development includes service to others, religious activities and benevolences. Physical development covers vacations, health, doctor, dentist, oculist, optician, medicines, etc., — as well as recreation, games, physical training classes. It is true that many of these may be obtained with little or no expenditure of money, while others cost much money. The well-rounded plan of life will include some provision for each one of

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these divisions, and though the size of the income may be a deciding factor in the choice, it is well to remember that the greatest opportunities for enjoyment are frequently offered without price. Individual characteristics always determine which direction choice will follow, but if there is serious consideration in the family of the characteristics which should be developed in each member, and conscious choice is made between the various objects for which the available money may be spent, the result will be better development for each, greater returns for the money and more understanding of the meaning of life and of the family and individual responsibilities toward our fellow men.

Because the standards in food, clothing, shelter and operating frequently increase until they are open to the charge of being standards of luxury beyond the limits of reason for individual incomes, it is well for the budget maker who is defining his standards in development to review those of the other four groups of expenditure and see whether unconsciously or with premeditation luxuries have crept in to those groups which are likely to prevent more worth-while expenditures in the fifth group. For this reason a partial list of luxuries in each group is included in this chapter.

SPENDING THE FAMILY INCOME

Luxuries in Food are foods beyond the body needs:

condiments

delicacies

out of season fruits and vegetables

expensive cuts of meat

careless marketing

expensive food materials to avoid the necessity
for careful preparation

Luxuries in Shelter are:

house larger than required

private bathrooms, extra sitting rooms, single
bedrooms

location chosen especially for social environment

expensive finish

excessive distance from business and schools

Luxuries in Clothing are:

styles

materials too fine for the service desired

trimmings

hand work

custom-made garments in place of ready-made

ready-made undergarments in place of home-
made when time and strength allow home-
made

Luxuries in Operating are:

careless use of heat, light, water and house supplies

service for formality alone, beyond that required
for health

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service which simply relieves children from necessity to help
lavish replacement of equipment
telephone

Luxuries which need careful scrutiny are expenditures for:

transportation, carfare, taxi, etc.
elaborate entertaining
lavish gifts to friends
candy, tobacco, flowers
personal and house equipment
unregulated additions to children's allowances
social clubs
expensive recreation
disregard of opportunities for free recreation
money saved at expense of health, welfare or efficiency
automobile for pleasure only

CHAPTER IX

DISTRIBUTION OF INCOME

When one is making a budget the various items of household expense fall quite naturally into six groups: food, shelter, clothing, operating, saving,— and a sixth so diversified that it is difficult to name it. This group has been variously called the Margin, Higher Life, Betterment, Life of the Family, Region of Choice, Well Being, Development and Advancement. Whichever title is chosen, the expenditures are the same and in most cases indicate the cost of spiritual, mental, social and physical development for the family.

There are various ways of getting at the proper proportion of the income to spend for each group. Mrs. Richards came to the conclusion, after much study of many groups of accounts, that the ideal percentages for a family of five were:

Food, 25 per cent	Clothing, 15 per cent
Shelter, 20 per cent	Operating, 15 per cent
Higher Life and Savings, 25 per cent	

There are people who insist that 45 per cent to 50 per cent of one's income should be saved, others

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that 10 per cent should be given away. One definite rule often quoted is that no more than one week's income should be spent for rent each month: and another, that one half the amount spent for rent should be all that is allowed for service each year.

Those who use percentages agree that they are only guides, and that as the income drops below three thousand dollars the necessary percentage for food is increased, while above five thousand dollars it is usually possible to use a smaller percentage. In general, according to Engel's Laws, experience seems to prove that the proportion for clothing and rent remains fairly stationary, but as the income decreases, the percentage spent for development also decreases, while an increase in income usually leads to decrease in the percentage allowed for food and increase in that devoted to development.

The fact that proper percentages vary with every change in income is only a part of the reason for not placing too much stress upon their use. Given incomes which are alike, two families will spend very differently, and because of differences in education, social position, occupation, number in the family, health and environment, the family which spends in accord with the so-called ideal

SPENDING THE FAMILY INCOME

percentages may in the end receive less of real value in return than the family which has arranged its expenditures in such a way that the ideal percentages are ignored to solve some individual problem.

The following plan is an easy one for the householder whose mind does not work comfortably with percentages which do not stay ideal but must be changed with every new problem. It is necessary for each budget maker who has an income tax to pay to decide what place to give the tax in the budget. The taxes may be subtracted from the gross income and the budget made for the amount which remains; or the income taxes may be considered as belonging to the section of expenditures devoted to development, as only the people who have a margin to spend for development have income taxes to pay. Income taxes are not chargeable to the operating expense of the house. It is important that no one who can avoid doing so should reduce his savings because of his income taxes. Subtract from the total income, the amount which it seems desirable to save, the income tax and any fixed charge for expenditures outside the family i.e., care of dependents, or business costs. Then plan as if the remainder were the total income and divide it into five equal parts, assigning one part to each of the five groups of expendi-

DISTRIBUTION OF INCOME

tures. At the beginning assume that each group is of equal importance; later subtract from the allotment of one group in order to add to that of another group which proves its need of more than its fifth. (See Chart Number II.)

There are four adjectives which, applied to the groups of expenditures, assist in determining the minimum amount required for each group, but knowledge of conditions is necessary in order to estimate the actual cost for each family, and each budget should be based upon estimates made after consideration of the individual problem with all the existing circumstances.

Safe shelter indicates the fact that certain localities and houses are impossible, if the moral and physical health of the family are to be safeguarded. The budget maker with knowledge of the locality where he must live can easily learn the minimum amount which he must allow for rent if he is to keep his self-respect and avoid danger to the family health.

Adequate food indicates not a definite sum to be spent for food, but a fixed standard which cannot be reduced if the health and efficiency of the family are to be maintained.

Suitable clothing again indicates a minimum, but no definite amount of money can be fixed as the

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minimum absolutely necessary to assign to clothing, for without knowledge of the special problem one cannot tell what the demands will be in order that a family may be suitably clothed. City or country life, a mother who sews, clothing to make over or hand down all affect the actual expense without necessarily reducing the standards for a particular family.

Necessary operating may mean heat, light, and water only, but if there is illness, other items will be forced into the group, and once more the adjective indicates a minimum standard but does not fix an amount until a special problem is under discussion.

Having definite standards well in mind, the cost of maintaining those standards must be estimated. Make a list of all possible expenditures for a family with the standards outlined. Divide these expenses under the five heads, — shelter, food, operating, clothing and margin for development. Subdivide each group under three heads, — fixed charges, charges possible to estimate and charges necessary to limit. Some expenses can be charged in either of the last two groups. When that is possible, put them in the group which promises the most definite information.¹ Reference to old bills,

¹ See table, page 87

DISTRIBUTION OF INCOME

drawing upon past experience, conferences with others of greater experience, or in many cases careful estimates after studying the situation from every point of view will be of assistance in determining the cost of each item. When advice, old bills and experience are all lacking, one or two months of careful accounting will be necessary.

Decide what is the smallest amount for which nourishing, satisfying food can be provided. If this exceeds the portion of the income allowed for food, figure how much it exceeds it and later plan from which other allotments it must be provided. If it is less than the allotment, it is safe to increase it to the full amount, though not necessarily wise to do so.

Count the rent and business carfare as cost of shelter, if the house is hired. The rent is a fixed charge; carfare may be estimated. If together they exceed the allotment, too much is being planned for rent. Can it be reduced and still provide *safe* shelter? If not, then the extra is being spent to provide comfort or safety, and it may be taken from the "margin" allowed for development. When the amount spent for rent includes heat, water and service as in an apartment the excess is properly taken from the amount assigned to operating.

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Figure carefully the amount of money required to clothe the family. Make careful clothing budgets and estimate the cost of repairs, making and materials as well as clothing purchased ready-made. Experience has proved that the amount used for clothing should not exceed the fifth allotted to it, and in small families might well come below that amount. With very small incomes the clothing must be reduced to provide enough food.

Make careful and complete estimates of all operating expenses. Examine the items separately to be sure that nothing is being wasted. Gas, electric light and laundry bills, as well as incidentals, may often be reduced if care is taken and attention is drawn to them. When the items in operating expenses have been figured, add them up and see how the total compares with the amount allotted to the group. Remember that from shelter, operating and development the extra amount necessary for food must be supplied. It is quite probable that operating expenses will prove to be absorbing more money than is desirable. It is within this group that leakages most often occur, and with care reductions may be made with no effort for the family beyond a slight increase in thoughtfulness.

The money left is the margin for development

DISTRIBUTION OF INCOME

and must cover expenditures for education, church, culture, social life, philanthropy, health, gifts and new equipment, as well as the allowances for personal expenditures. A family may divide the amount for petty cash, church dues and philanthropy, gifts, club dues and other social life, except family entertaining, into separate allowances, making each member responsible for his own expenses for advancement as well as those for clothing and petty cash, thus teaching the children something of the responsibilities which money entails.

The use of the money allotted to development is almost entirely within the region of choice; one family may prefer to use it all for education and health, another for travel, a third for philanthropy. For each family there is a distinct advantage in planning the expenditure in such a way that a well-rounded family life results. Something for education, culture, health, play, church and civic activities, as well as social life should be included in this plan. This allotment most often gives up a large portion to food, shelter or clothing; it should not give money to operating except under great need, when the health of the home-maker requires extra service.

These estimates and apportionments are made

SPENDING THE FAMILY INCOME

on the basis of the minimum amounts required for the special problems involved. Should there be a larger margin than seems necessary for saving, each item should be gone over carefully in order to determine where expenditures may be increased so that the family will receive the greatest benefit and satisfaction. One family will prefer to keep the expenditure for food at the minimum for adequate food, increasing operating expenses to a point of greater comfort, while another family will feel it desirable to maintain its other standards of living at the minimum cost in order to save for education, travel or giving.

When all estimates and apportionments are made, if the total exceeds the amount of the income, new standards must be outlined. Expenditures must be weighed; those which are merely to gratify desires (not for real needs) eliminated; and costs reduced to the lowest amount consistent with health. When this proves to be not reduction enough, it is safe to conclude that the standards for saving are too high. Adequate food, safe shelter, suitable clothing necessary operating should be provided before very much money is assigned to development, but before expenditures for advancement are omitted altogether, one should be sure that other expenditures are not in-

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excess of what is necessary to provide *adequate* food, *safe* shelter, *suitable* clothing, and *necessary* operating.

Savings should be made by every family with income enough to provide a margin over and above food, shelter, clothing, heat, light and water, but savings should not cut down efficiency.

SUMMARY

1. Be sure every member of the family will cooperate.
2. Examine your family life carefully to be sure that you have definite standards of living; write out your idea of what your particular income should provide in the way of shelter, food, clothing, operating and development for your family. This is not a necessary step, but it helps very much to put into words just what you demand from your income.
3. Make a list of all possible expenditures for a family with the standards outlined.
4. Divide them under five heads:
Shelter, Food, Clothing, Operating, Margin for Development.

SPENDING THE FAMILY INCOME

5. Divide each group under three heads:
Charges fixed. Charges possible to estimate. Charges necessary to limit.
6. Estimate the total income for the coming year. When this is irregular or uncertain estimate the minimum amount probable and base the living standards upon that amount planning to save all income in excess of that minimum.
7. Decide how much should be saved and subtract it from the total income.
8. Divide the rest of the income into five equal parts and assign one part to each of the five groups of expenditures.
9. Decide what is the minimum amount for which nourishing, satisfying food can be provided.
10. Estimate the cost of shelter, include rent or interest, taxes, repairs and insurance and business and school carfares.
11. Figure the amount required to clothe the family; make clothing budgets.
12. Make careful and complete estimates of all operating expenses.

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13. Apportion the remainder of the income among the needs for education, church, social life, philanthropy, health, gifts, new equipment and allowances for personal expenditures.
14. When all apportionments are made, put them into a graphic circle and analyze and judge the result to see whether lack of balance may be accounted for and is excusable.
15. Do not reduce any section unnecessarily by careless expenditures in another division of the circle.
16. If the total expenditures planned are larger than the total income, reduce standards in shelter, operating and clothing before eliminating worth-while expenditures for development.
17. If the income is increased after standards of living are already comfortable, do not increase expenditures for food, clothing, shelter and operating until the standards for saving and development have first been improved.

It is important —

- To have a plan for spending;
- To spend according to the plan;

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To keep records of expenditures;

To study the records, and compare them with the plan;

To build a new plan on the basis of the lessons learned from the records.

Poor budgeting with a record is far better than no budget. The record will help make the second budget better. A record of expenditures compared with a budget makes improved spending possible. The mistakes of last year may thus point the way to success this year. In the following list, many items are included which would not be required by every family. They are offered only as suggestions.

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HOW MANY OF THESE MUST YOUR INCOME BUY

Cross out the items you do not use. Add other items which you do use.

	Savings	Food	Clothing	Shelter	Operating	Development
Fixed Charges	Savings Bank Cooper- ative Bank Life Insurance Securities			Rent Interest on mortgage	Water (if not metered) Service Telephone Fire and Burglar Insurance	Church Dues Club Dues Magazine sub- scriptions Newspaper subscriptions Tuition Personal allowances Automobile Garage License Registration
Possible to Estimate	Income Tax*	Groceries Ice Milk Meat Vegetables Fruits	New ma- terials New cloth- ing	Taxes (house) Business carfare Fire Insur- ance (house)	Water (if metered) Coal Wood Gas Electricity Household Supplies Laundry	Philanthropy Amusements Concerts Carfare (per- sonal) Automobile Running expenses
Necessary to Limit		Outside meals Out of sea- son foods	Cleansing Repairs	Repairs (house)	Extra service Long distance telephone Repair and replacement of equip- ment Extra Laun- dry Incidentals Express Postage House car- fare, etc. Care of grounds	Doctor — dentist Travel Books Gifts (per- sonal) Automobile Repair Equipment Entertaining New equip- ment Personal In- dulgencies Candy Tobacco Flowers Etc.

* Income Tax is not saving, but is a charge possible to estimate.

CHAPTER X

HOUSEHOLD ACCOUNTING

It is difficult for the beginner to realize that there is a definite limit to the returns which may be had from a given income, that only in our dreams can the same money be spent twice. Fortunately the experience gained in spending may be used to advantage in planning for the next year, provided a record has been kept which can be studied and used as a basis for the revision of the spending plan. Without such records there is no method by which it is possible to determine the comparative value of the purchases made. The housekeeper should keep these records in a simple form which require a minimum amount of time and is easily understood by a third person. The system chosen should tell when, whence and what is received; when, where and what is spent; how much is on hand; how much is owed. There are many systems of household accounting, and it is well to look for the method which is best suited to the person who is to carry it out. Keep in mind always that such accounts should be kept, not for the

HOUSEHOLDING ACCOUNTING

sake of having a record of each cent spent, but in order that they may be used to check expenditures.

The familiar slogan, "The first part of the dollar is the easiest part to save," is balanced by another,— "The hardest part of the dollar to account for is the last five cents!"

If ninety-five cents is accounted for, one has material for study and comparison with the budget. It is better to use time planning better ways of spending than to waste it by hunting for small sums which evade the memory. This is not meant to be approval of carelessness, and if the budget maker finds that he must continually record sums as unaccounted for, it is evident that there is a need for more care. Housekeeping records are usually easily kept if paper and pencil are in or near the purse. The spender who goes to the store with many small errands sometimes finds it impossible to account for all purchases. This happens less often if the habit is acquired of jotting down the amount while waiting for change. Frequently people find that petty cash for the house or for personal expenses will not balance, and they say, "I can't bother with that," and give it all up. The sensible way is to pay as many bills as possible by check. Keep an approximately accurate account of petty-cash expenditures and do not worry

SPENDING THE FAMILY INCOME

over failure to balance to a penny. Of course, if accounts habitually fail to balance by several dollars, it will be foolish to continue such slipshod methods, but a few cents each month make no difference in the value of the record and a great deal of strain is avoided. A convenient method of caring for personal petty cash is to plan it very carefully after study of the average amount required each day. Regular expenditures may be for food, carfare and newspaper. Decide what should be spent each day for these purchases. This gives the amount for petty cash each week. Let us suppose that the estimate is nine dollars for the week's charges. Cash a check for that amount each Monday and spend as the day's needs present themselves. If you find yourself paying more than your estimated average for dinner or luncheon, try to economize later to make it up. If you chance not to buy a newspaper, or if you go without a meal, pay no attention to the fact in your accounts. Seven dollars is credited for food, thirty cents for newspapers, and one dollar and seventy cents or carfare. So long as those three expenditures keep within the total for the week, do not concern yourself with the difference in distribution, but if the money gives out and replenishing is necessary, search carefully for the particular purchase

HOUSEHOLD ACCOUNTING

which caused the calamity and make a note of that as the reason for the extra check. If, on the other hand, money is left at the end of the week, consider it legitimate to use for extra savings. If by chance you wish to pay cash for some particular purchase outside of those three, do so, and pay the money back to the petty-cash account as carefully as if borrowed of a friend. A person who wishes to keep his personal accounts with sufficient accuracy to be sure he is not spending recklessly, but who does not wish to be haunted by the balancing bogey, can estimate his daily, routine expenses in this way and find the plan works well. A cash account is one step better than nothing, but the real value of a record of expenditure comes from knowing the total amount spent for each group of commodities. These are then available for comparison with the budget estimates. The budget acts as a pattern for spending, and the accounts indicate the success in following the pattern. Unless the two are compared, no improvement is likely to follow the use of either. For this reason the accounts should be distributed under headings corresponding exactly to those used in making the budget, and the divisions of the budget should be made by months and placed at the head of each column of the distribution sheets in red ink, so that they

SPENDING THE FAMILY INCOME

will be easily identified. Some budget makers will find it far more simple to distribute the expenditures once a day, or as they are made. Others will prefer to transfer the totals of each week from the cash book and distribute all at one time at the end of the month, — then entering the checks for the month, distributing each and making a summary of the monthly totals.

There are many printed forms from which to select. Each housekeeper has need of special divisions which might not be required by others, and one satisfactory plan is to purchase ruled sheets which will furnish the required number of columns and put them into covers, heading each column with the item desired.

There are two things which can be done which help in keeping straight with a budget plan. Each month, after closing the accounts, make out a statement of assets and liabilities for the next month. This helps one to see just how much of the bank balance will be necessary for regular expenses, how much will be required for special bills, and what will be left for emergencies or toward a sinking fund for the large, irregular expenses like coal, taxes, clothing, etc. Such a statement might read like this:

HOUSEHOLD ACCOUNTING

Statement of Assets and Liabilities August 10 to September 10

Balance in Bank..	\$78.76	Rent.....	\$25.00
in Cash ..	3.65	Laundry.....	8.50
Petty cash.....	5.00	Food.....	52.00
Salary.....	208.33	Service.....	6.00
To be refunded...	5.00	Savings.....	41.66
		Operating....	3.00
		Telephone....	2.25
		Balance.....	162.33
	\$300.74		\$300.74

This does not mean that there is \$162.33 to spend recklessly but that this amount is available for purchasing things which the budget planned for, — clothing, pleasure, personal allowances and equipment or to meet income tax payments or some other large bill during the next months.

Another thing which helps greatly is studying to see what the budget plan requires for the months ahead and comparing those amounts with the amount already spent. Consider these accounts textbooks for study, so that they may add to your knowledge each month, and you will spend better because of the experience gained. It also assists in studying results if red ink is used whenever an account is balanced. Draw all lines, enter all balances or any unusual records in red ink, which call

SPENDING THE FAMILY INCOME

attention at once to the record. For example, in the statements just shown, the balance would be in red ink to show that, although appearing in the column of liabilities, it is not one but represents a part of the assets. The lines which are drawn under the columns of figures should be in red ink to indicate the end of a period, and if the statement had shown a deficit in place of a balance, the deficit would have been entered in the first column in red ink to call attention to the fact that it was an unusual record, and although it appeared in that column, it did not represent an asset but too great liabilities. In any case when it is desirable to call attention to an entry, the use of red ink helps.

The following headings are suggestive only. Many housekeepers will prefer to combine most of the food columns under two or three heads. The headings given under operating may not prove useful to some, others will wish more details. Again, "Development" must be subdivided to suit the individual. No two families ever require exactly the same information from their records, hence it is simpler to select sub-headings suited to the especial needs of the family than to take a definite list. Sub-headings help very much in estimating amounts for the budget, they may later be com-

HOUSEHOLD ACCOUNTING

bined for the accounts, if it seems desirable to save space or time in figuring details.

Suggestive Headings For Household Expenses

SAVINGS	{	U. S. Government securities
		Life insurance
		Bank account
		Other savings
SHELTER	{	Rent
		Business carfare
		or, when the house is owned
		Taxes
		Interest on mortgage
		Fire insurance
FOOD	{	Repairs to house
		Business carfare
		Meat and fish
		Eggs and cheese
		Butter, cream and other fats
		Milk
		Fruits and vegetables, — fresh, canned or dried
		Sugar, jellies, etc.
		Cereals and bread
		Condiments, ice and beverages
Meals outside the house		
CLOTHING	{	Man
		Woman
		Children

SPENDING THE FAMILY INCOME

OPERATING	Light, heat and water
	Laundry
	Service
	Telephone
	Repair and replacement of equipment
	House and cleaning supplies
	Miscellaneous operating stamps and stationery
	express
	flowers for house
	Fire insurance (furniture)
Care of grounds	
DEVELOPMENT	Income tax ¹
	Health
	Education
	New equipment (house)
	Recreation
	Religion
	Philanthropy
	Personal allowances
	Social life and personal gifts
	Family luxuries
automobile	
social clubs	

Suggestive Headings for Individuals

Savings

Room

Board and business carfare

¹ This may be entered in a separate column next to savings.

HOUSEHOLD ACCOUNTING

Clothing and repair

Operating

personal upkeep (manicure, hairdressing, etc.)

laundry

express and postage, stationery, etc.

Development

Income tax¹

Education

Religion

Philanthropy

Recreation

Social life and personal gifts

Health

New equipment

Business equipment

Personal luxuries

tobacco

candy

extra meals

flowers, etc.

Suggestive Headings for a Child

Savings

Clothing

School lunches

Education

special classes

music, etc.

Fun

Gifts

¹ This may be entered in a separate column next to savings.

SPENDING THE FAMILY INCOME

To Sum Up

1. Make a budget or plan for spending.
11. Choose a simple system of accounting which suits your needs.
111. Keep as close to the budget as possible.
- IV. Keep the accounts accurately enough to give the material needed for study.
- V. Study results and act upon them.

To do this successfully, definite time must be set aside for it. Odd-moment accounting is seldom continuous or satisfactory.

If petty-cash expenditures are hard to keep a record of, estimate the probable cost of such incidentals as carfares, postage, newspapers, etc., and charge this amount each week in a column under Operating Sundries.

If at any time the amount spent is in excess of this sum, look it up, if possible, but do not worry about it. Pocket-money expenditures should not be a burden. When the amount spent in the week is less than the estimated sum, it is easily adjusted by charging only the actual expenditure in the sundry column. Never charge anything not in this list to sundries.

Save slips from the stores to check charge accounts and make up cash accounts.

CHAPTER XI

THE GRAPHIC CIRCLE

When a budget has been planned, there is frequently a feeling that it would be more satisfactory to its maker if he could compare it with a standard budget and know whether it is theoretically correct or not. There are various standard budgets based upon averages obtained from studies which have been made in many homes; such averages can never allow for unusual conditions, in fact, they are themselves so often affected by unusual conditions as to make them useless for an average family. A recent study of the expense accounts of twelve families showed that an average of 5.2 per cent of their total expenditures went for light and heat, but of the twelve families, eight spent five per cent or more, while the other four spent less than four per cent. The average amount spent by eleven of the families for heat and light was over six per cent of their total expense, showing that one very high or one very low record may often change an average so materially as to make

SPENDING THE FAMILY INCOME

the result useless for application to normal problems.

When a larger group of results is averaged, the figures are more accurate for general conclusions, but hardly of assistance in solving a definite problem which must acknowledge the existence of especial conditions.

It cannot be too strongly emphasized that every family has to meet its own difficulties and solve individual problems and still keep as perfect a balance as possible, not without regard to the conclusions of others, but without rejecting solutions just because they differ from accepted standards. The graphic circle described here has over and over served to give satisfaction to budget makers who were vaguely disturbed because unable to fit their estimates to any standard budget.

The results are more convincing if colored — and all details must be given in order that seeming lack of balance may be accounted for.

If special conditions do not account for a lack of balance, then the budget maker should assume that something is wrong with his estimates and start anew, — rebuilding the budget with the idea of restoring proper balance and spending to get the best returns.

Draw two circles on the same center, one smaller

THE GRAPHIC CIRCLE

than the other. The outer circle represents the total amount of the income, the inner circle the savings and also the income taxes, if they are to be subtracted with the savings from the total income. At the moment of starting the budget, consider the five divisions of expenditures as of equal value and divide the outer circle into five equal parts,¹ each representing one department of expense.

For convenience in comparison, it is well always to divide the circle in the same way and employ the same divisions and colors for each of the five groups. Food at the top and colored red; Shelter at the lower right colored violet; Clothing at lower left colored blue; Operating above Clothing colored yellow; and Development above Shelter colored green. Use intense colors in order to get sharp impressions when analyzing the results.

The total income minus savings and the income taxes, divided by five, equals the amount to be assigned to each section.

Taking the \$2500 income as an example, with savings and taxes of \$300, the result will be \$440 for each section. The budget plan shows that \$680 is required for food, \$360 for shelter, \$480 for clothing, \$400 for operating and \$280 for development.² Food evidently will draw heavily upon

¹ See Chart I, page 100. ² See Chart V, page 108

SPENDING THE FAMILY INCOME

the other divisions before it is paid for. Shelter does not require all of its allotment and \$82 taken from that section, \$40 from operating, and \$120 from development will provide for the food needs. Clothing requires \$40 more than its allotment and it must be taken from development.

When all of the additions and subtractions are indicated both by figures and by color on the circle, it will show whether any one section is giving up more than it should to any other group of expenditures. The dotted lines which mark the new divisions must be put in carefully if the lack of proportion is to be shown correctly. When a section represents \$440, and forty dollars is to be taken for use in another group of expenditures, it is necessary to divide the segment evenly into halves, quarters, and eighths and then an eighth into thirds, two of which will indicate approximately the right space to represent the forty dollars.

When analyzing and judging results, it is necessary to consider the special conditions governing the family making the budget. For example, in the budget given here, the food cannot be reduced, as both boys are reaching the age when they require almost as much food as the father, and the position of the father in the schools requires that he should entertain his teachers.

THE GRAPHIC CIRCLE

The operating expenses cannot be reduced, as the mother's lack of strength requires that she should have assistance.

The clothing exceeds its apportionment because the mother is unable to do very much sewing, and everything must be purchased ready-made or a seamstress must be hired. Development rightly suffers the greatest loss, for the extra money spent for operating and clothing is used to maintain the health of the mother. If this were lacking, she would be obliged to spend from the apportionment for development in order to regain her strength, which might require a still greater share of the money assigned to that group.

When shelter and clothing overrun their sections, there is sure to be difficulty in arranging for sufficient money for operating and development expenses. If operating expenses threaten to outgrow their section of the circle, there is need for retrenchment in that direction. Food will usually exceed its fifth where the income is small, and the budget maker who can reduce clothing and shelter expenses sufficiently to make up deficiencies in the food section is able to obtain greater comfort in operating and finer spiritual and social life than is possible if clothing and shelter are taking too large a place in the circle of expenditures.

SPENDING THE FAMILY INCOME

Regardless of how much experience a person has had in budget making, study of the colored graphic circle reveals inequalities and unbalanced apportionments which are not always apparent if figures alone are used.

Each family has its own problems which affect its budget. No definite sums can be given as right or wrong, but certain general rules apply in every case, and budgets will vary according to the needs of the individual family.

The following charts or graphic circles show how impossible it is to solve a budget problem with definite figures unless something is known of conditions.

The same amount of money must be spent differently by each family if their problems are to be solved wisely.

The first chart indicates the results which would follow the spending of an income if the five divisions of expenditures were considered of equal importance.

The second and third charts show difference in results because of changes in the plan for spending; the fourth and fifth charts are different because of difference in environment, education, social life and business conditions.

Charts II and III¹ indicate two different ways

¹ Pages 101 and 106.

THE GRAPHIC CIRCLE

in which the same family spent the same size income in two succeeding years.

The first year they hoped to save two hundred dollars, but each month they spent before they saved. At the end of the year, their savings amounted to less than fifty dollars. After studying in a "budget class," they adopted a new rule, and saved twenty-five dollars each month before spending anything. At the end of the year they had saved fifty dollars in addition to the three hundred dollars which they had planned. This extra money was saved in small sums after they had paid their bills each week.

The amount needed for food was more than one fifth of the whole. It was therefore necessary to take away from the allowance set aside for two of the other divisions, and the colors show from which sections the money was used. The red in the shelter section of the circle shows how large a part of that money was used for food, and the other: the section show where the rest of the money went. For example —

$$\begin{aligned} \text{Total income } \$2100 - \$350 \text{ (Savings)} &= \frac{\$1750}{5} \\ &= \$350 \text{ (amount for each section)} \\ \text{Food} & \\ \$350 & \text{ (money for food)} \end{aligned}$$

SPENDING THE FAMILY INCOME

84	(money taken from shelter)
226.50	(money taken from operating)
<u>\$660.50</u>	(the total amount finally used for food)

The section marked operating shows the original amount allowed for operating, the amounts subtracted for food, and for development, the colors indicating where the money was used.

In Chart Number II, the green in the center circle shows how the automobile or something else used up the money they had meant to save.

These budgets are not meant to show that these people spent their money in the best way, or that they used the right amount for each thing, but that by *saving before they spent anything*, they were able to increase their savings more than seven times. They spent the rest of their money as they thought best and wise, but this year they are spending differently and hope to find they are getting better returns.

It must be remembered that each family budget is an *individual* problem and must be treated as such. There can be no standardized budget which will satisfy every one.

CHART NUMBER III

OPERATING

Gas.....	\$ 12.00
Electric Light...	15.00
Water.....	
Laundry.....	
Service.....	
Supplies.....	10.00
Repairs and Replacements..	
Telephone.....	37.00
Misc. Oper.....	1.50
Postage.....	
Express.....	
House Carfare	
<hr/>	
	\$ 75.50

FOOD

Week.....	
Month.....	
Year.....	\$660.50
<hr/>	
FOOD	
Milk.....	\$ 26.50
Fruit & Veg....	74.00
Groceries & Ice.	70.00
Meat & Eggs....	80.00
Bread & Cereals	40.00
Outside Meals...	370.00
<hr/>	
	\$660.50

DEVELOPMENT

Education.....	\$ 1
Health.....	7
Church.....	1
Philanthropy....	2
Recreation.....	8
Vacation.....	
Gifts (personal).	
Equipment.....	
Personal Allowances.....	
Automobile.....	29
<hr/>	
	\$49



CLOTHING

Man.....	\$125.00
Woman.....	125.00
Children.....	

SHELTER

Rent.....	\$24
Carfare.....	2
<hr/>	
	\$26

TOTAL INCOME, \$2100 00 - \$350 00 = $\frac{1750}{5}$ = \$350

Number in family, 2
Ages of children

SPECIAL CONDITIONS

- Occupation, Salesman
- Health, bills increased, vacation omitted
- Location, city, two room kitchenette apartment
- Dependents.

Man's meals taken outside.

Savings planned and made when rent was paid each month.

Expenditure for automobile confined to money left after saving had been made.

YEAR — 1920

2

CHART NUMBER IV

OPERATING

Coal.....	}	\$144.00
Wood.....		
Light.....		31.00
Water.....		24.00
Laundry.....		104.00
Service.....	}	50.00
Supplies.....		
Repairs and replacements	}	20.00
Telephone....		
Misc. Oper....		27.00
Postage:...		
Express....		
House Carfare		
		<u>\$400.00</u>

FOOD

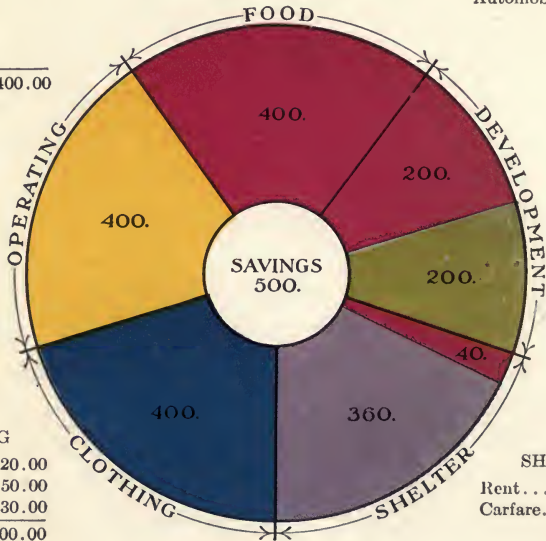
Week.....	\$12.30
Month.....	53.33
Year.....	640.00

FOOD

Milk & Cheese.	\$ 3.00	<i>1.05</i>
Fruit & Veg....	2.30	
Groceries & Ice.	2.10	<i>?</i>
Meat & Eggs..	2.30	
Bread & Cereals	2.60	<i>50.00</i>
Outside Meals .	<u>\$12.30</u>	

DEVELOPMENT

Education.....	\$25.00
Health.....	50.00
Church.....	26.00
Philanthropy...	26.00
Recreation.....	52.00
Vacation.....	
Gifts (personal).	21.00
Equipment.....	
Personal Allowances.....	
Automobile.....	<u>\$200.00</u>



CLOTHING

Man.....	\$120.00
Woman.....	150.00
Children.....	130.00
	<u>\$400.00</u>

SHELTER

Rent.....	\$300.00
Carfare.....	60.00
	<u>\$360.00</u>

TOTAL INCOME, \$2500.00 - \$500.00 = $\frac{\$2000}{5} = \400

Number in family 5 — three children.

Ages of children, 5 — 9 — 14.

SPECIAL CONDITIONS

- Occupation, Factory Worker
- Health
- Location, small manufacturing town
- Dependents.

Same amount of income and same number in family as Chart V. More money saved.

Less expense necessary for professional books and magazines.

Difference in environment and social life made possible a reduction in all expenses except shelter.

THE GRAPHIC CIRCLE

Two Ways of Spending an Income of \$2500

The difference in spending was due to difference in occupation, education and environment.

The first plan (Chart Number IV) represents a family of five with a \$2500 income who set aside \$500 for savings and divide the remaining \$2000 into five equal parts of \$400 each, as indicated by the heavy black lines. This family finds that they need more than \$400 for food and they redistribute the amount, transferring \$200 of the development allowance to food, and as they can obtain safe shelter for their family for \$360 a year they are enabled to take \$40 from shelter which they will also spend for food, leaving the final distribution as indicated by the colors, — \$640 for food; \$200 for development; \$360 for rent; \$400 for clothing and \$400 for operating.

The second plan (Chart Number V) represents a family which, because of difference in the occupation of the head of the family and the location in which business requires that the family should live, was able to save only \$300 from its \$2500 income, leaving \$440 for each of the five budget divisions. This family found that it needed more than \$440 for adequate food and more than \$440 for clothing. There was no expense for business

SPENDING THE FAMILY INCOME

carfare and they were able to keep shelter at \$360. Operating required all of the \$440, as they used both gas and electricity. This left the final distribution as indicated by the colors.

CHART NUMBER V

OPERATING

Wood.....	} \$144.00
Coal.....	
Gas.....	35.00
Electric Light...	36.00
Water.....	24.00
Laundry.....	104.00
Service.....	40.00
Supplies.....	30.00
Repairs and Replacements..	
Telephone.....	27.00
Misc. Oper.....	
Postage.....	
Express.....	
House Carfare	
	<hr/>
	\$440.00

FOOD

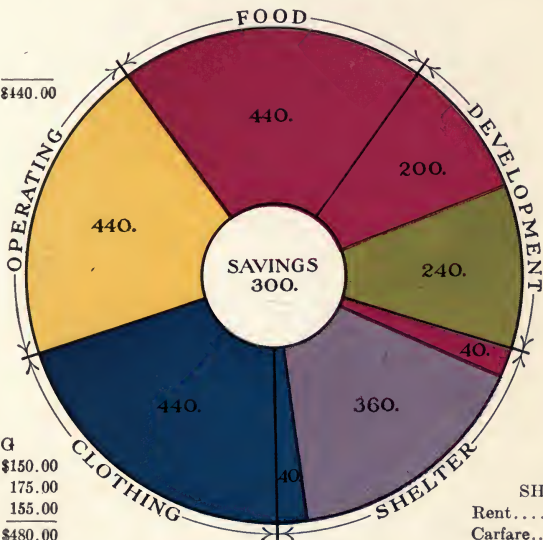
Week.....	
Month.....	
Year.....	\$680.00

FOOD

Milk.....	
Fruit & Veg.....	
Groceries & Ice .	
Meat & Eggs....	
Bread & Cereals.	
Outside Meals....	

DEVELOPMENT

Education.....	\$ 50.00
Health.....	50.00
Church.....	26.00
Philanthropy....	26.00
Recreation.....	52.00
Vacation.....	11.00
Gifts (personal) .	
Equipment.....	25.00
Personal Allowances.....	
Automobile.....	<hr/>
	\$240.00



CLOTHING

Man.....	\$150.00
Woman.....	175.00
Children.....	155.00
	<hr/>
	\$480.00

SHELTER

Rent.....	\$360.00
Carfare.....	

TOTAL INCOME, \$2500.00 - \$300.00 = $\frac{\$2200}{5}$ = \$440

Number in family, 5 — three children.

Ages of children, 4 — 9 — 13.

SPECIAL CONDITIONS

- Occupation, School teacher
- Health, mother not strong
- Location, small manufacturing town — no carfare
- Dependents.

Profession and social life of teacher necessitated better clothing and more entertaining and more for education than the other family.

CHART NUMBER VI

OPERATING

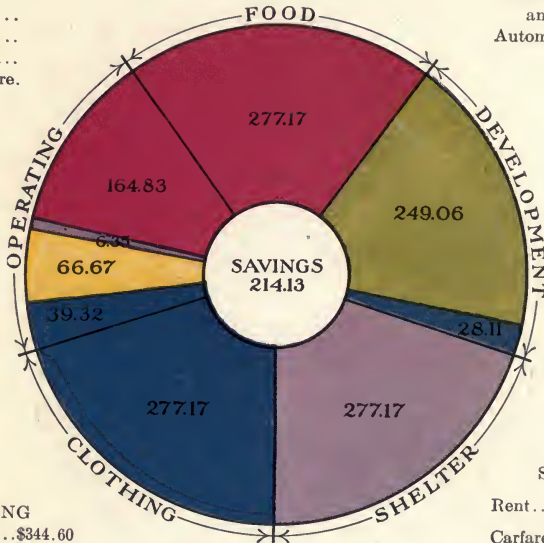
Heat.....	
Light.....	
Water.....	
Laundry.....	\$ 66.67
Service.....	
Supplies.....	
Repairs and Replacements..	
Telephone.....	
Misc. Oper.....	
Postage.....	
Express.....	
House Carfare.	

FOOD

Week.....	\$ 8.50
Month.....	
Year.....	\$442.00

DEVELOPMENT

Education.....	\$ 75.00
Health.....	85.00
Church.....	
Philanthropy....	
Recreation.....	52.00
Vacation.....	27.06
Gifts (personal)..	
Equipment.....	
Personal Allowances.....	10.00
Automobile.....	
	\$249.06



CLOTHING

Woman.....	\$344.60
------------	----------

SHELTER

Rent.....	{ \$208.00 yr.
	4.00 wk.
Carfare	75.52

TOTAL INCOME, \$1600.00 - \$214.13 = $\frac{\$1385.87}{5}$ = \$277.17

Number in family
Ages of children

SPECIAL CONDITIONS

Occupation, Teacher
Health
Location, Suburban town
Dependents.

Budget planned by School Board.
Good Room.

No small operating expenses allowed.
Vacation must be spent with family or in very inexpensive place.
Nothing allowed for giving or personal equipment.



CHAPTER XII

THE INDIVIDUAL INCOME

The methods of making a budget for an individual vary only slightly from those used for the family budget. The principles involved are the same; the development and application of the principles will vary with the needs and characteristics of the individual just as surely as the family budgets vary with the environment, education and needs of the families involved.

There is, however, the same need for saving as when planning a family budget. The man or woman not a part of a family must provide the necessities of life, food, clothing and shelter. If living conditions are comfortable, there will be operating expenses. Laundry, service, stationery, postage, toilet articles, repair and replacement of equipment are all necessary operating charges for the individual. The man or woman who boards has usually no extra expense for heat, light and water, but when, as frequently happens, the shelter provided is an apartment, the operating divi-

SPENDING THE FAMILY INCOME

sion acquires these items familiar to the same division of the family budget. The selection of shelter must be based upon the need of the individual. Proximity to his business or convenient transportation, good food, air and sanitation, congenial social environment are probably more necessary to the person living alone than to the members of a family who can afford to sacrifice social environment and even proximity to business because of the compensations of family life. Family men and women can in a measure control the comfort of their furnishings, may adapt the use of their rooms to special needs; but the "boarder" must usually abide by the decisions of some one else and is called upon to pay according to the standards of another for the comfort which he finds essential if he is to do efficient work. A good food supply and comfortable room furnishings are necessary factors in the choice of shelter and often compel a selection which is more costly than would otherwise be required. It must not be forgotten either that the cost of shelter for the individual usually includes the charges for bedding, furnishings, light, heat, water and care. While these would belong in another division in budgeting the family income, it is impossible to separate them arbitrarily from the cost of rent for the individual

THE INDIVIDUAL INCOME

and they must therefore be included under shelter.

The standards for food for the individual vary with the sex almost as much as with the income; but, man or woman, the fact should be kept in mind that good food, adequate in amount and nourishment, must be provided if health and efficiency are to be maintained. That the individual who boards will pay more in actual money than the separate members of a family group is inevitable. In the family budget the cost of labor, heat and other overhead expenses is not estimated as a part of the cost of the food. In the boarding house or restaurant all overhead charges added to the cost of raw materials increase the price so greatly that it is obviously impossible to compare the cost of food for the individual budget with that of food in the family budget with justice to either. This must be taken into account when considering the fact that the operating expenses for the individual may seem to be less than those for the family group, while food and shelter are more. As it is obviously impossible to separate any portion of the cost of food and shelter and assign it to operating, it remains for the budget maker to take this into consideration when distributing his income among the various budget items.

SPENDING THE FAMILY INCOME

The self-supporting individual making a budget is likely to have a different clothing problem from that of the man or woman living in a family. The type of clothing required depends upon the professional or business requirements and the social life which is possible outside of business. The cost of sewing and repairs will be greater than when they are taken care of in the home. These things must be considered by the individual and measured by different standards than those used for a family budget.

The individual who is self-supporting but living at home will sometimes find that the money spent for the good of the household, though not considered as board, amounts to as much as if board were paid. It is more businesslike to make a definite allowance in the budget, for food and shelter, contributing this sum to the family expenses in whatever way seems most desirable, but for one's own satisfaction making sure that it is an adequate and pretty definite sum. If this of necessity exceeds a reasonable amount for room and board, the excess is to be considered as used for dependents. In the budget of the individual, the fifth division for development is more likely to be insistent in its demands than operating. Recreation, education, health, new equipment, personal

THE INDIVIDUAL INCOME

indulgences, travel, vacation, gifts, philanthropy, church and club dues are as necessary to the individual as to the family and sometimes harder for him to obtain for a minimum sum. The inexpensive forms of family recreation, education and vacation are frequently impossible for the individual. Equipment which can be used and enjoyed by the whole family will cost no more than when provided for the use of one person, though there are none of the possibilities of reduction in proportional cost which can be obtained by purchasing for the family. The individual pays a proportionately higher price for food, for privacy and for service than do members of a group. Sewing supplies purchased and shared by a family at small individual cost become a real item in the budget of one person. The "piece bag" of the family often saves many items which must be met by the budget of the person living alone. The self-supporting daughter of a family can reduce her operating expenses by taking advantage of her freedom in the home to do her own laundry work, but this is quite impossible for the same girl when she is away from home and buying food and shelter in a boarding house or rented room, where her movements are restricted to the space for which she pays.

Men and women living at home are seldom

SPENDING THE FAMILY INCOME

aware of the extent of their financial privileges until they try to obtain the same comfort outside for an equal expenditure of money. The individual, even more than the family budget maker, is likely to fail to take an all-round view of conditions; if food, clothing, shelter and recreation are provided, he is often satisfied to neglect professional equipment, education and sometimes even health and saving. The necessary steps are first a frank survey of conditions: income, needs and desirable luxuries; an honest statement of standards with an estimate of the cost of living up to them; a comparison of this total with the total income, and the elimination of items which cannot be provided from the income or the addition of desirable expenditure if the total of the income justifies them. Planned expenditures, savings made before spending and the choice of purchases most worth-while rather than haphazard buying in accord with the desire of the moment give results as desirable for the individual as for the family.

Careful accounting of the money spent so that the records may be studied and a better plan made for the next year is a necessity. A simple method of keeping accounts, a definite time for doing the work, a sense of values, and a determination not to let the budget or the accounts become a bugbear,

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but to make them both of real assistance, will lead to better, richer life, with a businesslike foundation which will insure more freedom from care and at the same time help provide the really worth-while things that endure, instead of those which gratify only a passing fancy.

In making the budget, it is well to select the five familiar main headings, separating the items for board and room accurately if possible, but if not, making such an arbitrary division as seems reasonable. Make a list of all items likely to occur and estimate the amount of money necessary to meet each item; then divide them under the five headings. These headings may be subdivided according to choice for instance, one person will wish to include all estimates for development under the four sub-headings health, education, recreation and benevolence, while another would divide development into health, lectures, books and magazines, classes, social life, theater, gifts, vacation, equipment, church, philanthropy, automobile, travel; the choice depending, as will readily be seen, upon the size of income, habits and environment of the individuals involved.

It will be much less difficult to make the estimates if each group of expenditures is considered not by the year but by days, weeks, months

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and then totaled for the year. One may not know how many times a year he goes to a play or a concert, but he can estimate the number of times if he reasons in this fashion: "I do not go every day, or every week, but probably once in three weeks; in the summer I do not go to the theater, but instead I do something which costs about the same. Altogether, I am safe in estimating eighteen times a year for that kind of expenditure, and if I spend two dollars each time, I must allow thirty-six dollars in my budget."

As with the family budget, it is desirable to make the estimates under the three classifications: fixed charges, charges possible to estimate and charges necessary to limit. Such an item as the above should naturally come in the class of "charges necessary to limit." When the limit has been reached, one must stop indulging in that form of recreation.

When all the fixed charges, estimates and limits are determined, if the total income has been exceeded, first reduce the operating expenses to their minimum, then cut down the least important expenditures for development, then food luxuries and last, the cost of shelter; but remember that it costs to move and unless the charge for shelter is very much too large, it is seldom possible to obtain an immediate reduction in total by changing

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the shelter. The graphic circles described in Chapter XI will be helpful, as they are with the family budget. No one of the five divisions should be greatly reduced without grave consideration of its value to the whole. Food and shelter will most often be found to consume more than their fifth of the circle, and with small incomes this is to be expected, in fact is usually the only safe way. The individual, like the family, is very likely to save at the expense of development. The carefully drawn graphic circle will indicate just how seriously one division can cut into another and will call attention to the dangers when figures might be accepted as safe or necessary. If one finds that any section is suffering from the insistence of others, it is well to answer certain questions very honestly before attempting to change the estimates.

Do the estimates for food and shelter exceed their portions of the circle?

Can these be reduced and health and reasonable comfort be maintained?

If not, what about clothing? Is that estimated on a reasonable basis? Will my clothes as planned consume too large a portion of my time in preparation and care? Could I reduce the amount to be spent on them if I used some of my spare time

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for sewing? Can I use strength for such sewing and not have my health suffer?

Are my operating costs in excess of what they need be? How can I reduce them without undue demands upon time and strength? Operating charges are easily cut down in theory, amenable to discipline in fact, but need constant attention or they run away with much of one's surplus.

The budget maker should see that his plan for spending provides for the development of the spiritual, mental, social and physical sides of his life. The development of these phases of life need not involve the expenditure of very much money, but the amount necessary will vary with the individual, just as his choice of the form of development will vary. One person may get his mental development from attendance at the movies, while a second will be satisfied only by the best Shakespearian plays. For one the desire for social life will be gratified by church activities and another will fulfill his social obligations by a friendly chat with his neighbors at the corner store. The way in which these things are obtained will depend upon the choice of the individual, and the expenditure of money will vary accordingly. The budget changes with the mental growth of the budget maker. The individual often fails to give due

CHART NUMBER VII

OPERATING

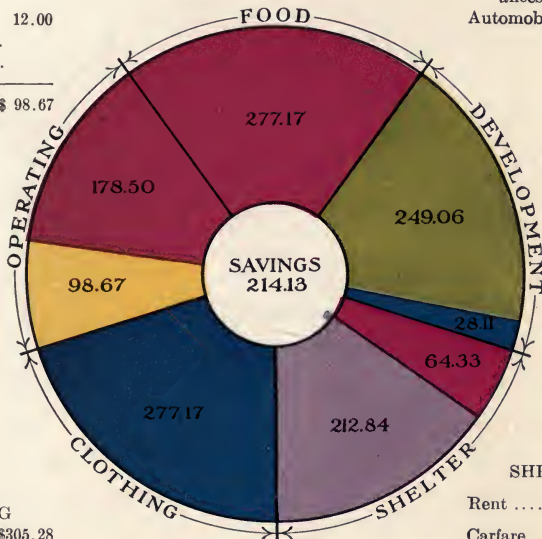
FOOD

DEVELOPMENT

Heat.....	
Light.....	
Water.....	
Laundry.....	66.67
Service.....	
Toilet Supplies..	8.00
Repairs and Re-	
placements..	
Telephone.....	12.00
Misc. Oper.....	
Postage.....	12.00
Express.....	
House Carfare..	
<hr/>	
	\$ 98.67

Week.....	\$ 10.00
Month.....	
Year.....	520.00

Education.....	\$ 50.00
Health.....	60.00
Church.....	15.00
Philanthropy....	10.00
Recreation.....	26.00
Vacation.....	55.76
Gifts (personal).	
Equipment.....	25.00
Personal Allow-	
ances.....	7.30
Automobile.....	
<hr/>	
	\$249.06



CLOTHING

Woman.....	\$305.28
------------	----------

SHELTER

Rent	{ \$130.00 yr.
	2.50 wk.
Carfare.....	82.84

TOTAL INCOME, \$1600.00 - \$214.13 = $\frac{\$1385.87}{5}$ = \$277.17

SPECIAL CONDITIONS

- Occupation, Teacher
- Health
- Location, Suburban town
- Dependents

Same salary as for Chart VI.

Budget rearranged.

Roommate necessary in order to pay for better board.

Small operating expenses allowed and clothing reduced.

Giving and personal equipment reduce amount for health and education.

Recreation lower, money used for better vacation.

CHART NUMBER VIII

OPERATING

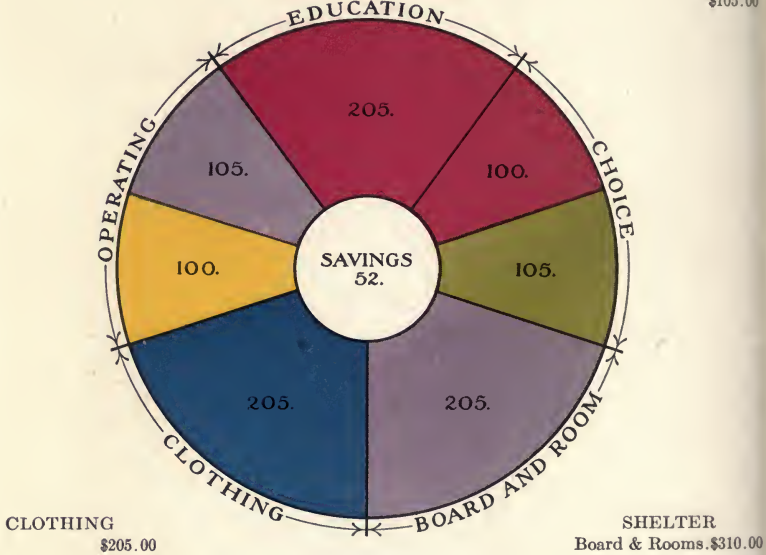
Personal Upkeep	\$10.00
Laundry	70.00
Toilet Supplies	10.00
Stationary,	} 10.00
Postage	
\$100.00	

EDUCATION

Tuition	\$200.00
Books & Supplies	40.00
Transportation	25.00
Extra Fees	40.00
\$305.00	

CHOICE

Dues	\$ 10.00
College Paper	5.00
Gifts	20.00
Theatre etc	25.00
Church	25.00
Philanthropy	10.00
Extras	10.00
\$105.00	



TOTAL INCOME, \$1077.00 - \$52.00 = $\frac{\$1025}{5} = \205

The amount necessary for board and room and for tuition varies with the school selected.

Operating expense, cost of clothing and choice are more directly within the control of the student.

These figures are given to indicate the method of work. They are taken from an actual budget but without any thought that they are applicable, as they stand, to another problem.

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value to play, eliminating it altogether in some cases or devoting too much time to it in others. The danger that one group of expenditures may be neglected for others will be obviated when all are considered together and values compared. By the wise distribution of money apportioned to each division, it is usually possible to avoid cutting any one division below a reasonable minimum.

Advice to the individual then, as to the family budget maker, is:

Make a budget from carefully worked-out estimates.

Choose a simple plan for accounts.

Stick to the budget.

Keep the accounts.

Study the accounts and learn to recognize the leaks.

Compare the budget and the totals of the accounts.

Build a new budget on the basis of the knowledge gained.

Make this year's accounts the link between this year's problem and next year's ease of mind.

No budget is of use unless it is followed.

Time must be given to both the making and the living of a budget, if the results are to be satisfactory and of value, making possible a richer life.

CHAPTER XIII

THE CHILD'S INCOME

It is our custom to consider that the family income is produced by the mental or manual labor of the man of the family, but it is frequently augmented in fact, if not in theory, by the efforts of the other members. If we admit this, we should also acknowledge the desirability of dividing the responsibility connected with spending the income.

There are three types of family finance under which all variations may be grouped. In one the father controls the use of the income, giving or withholding, as suits his judgment or moods. In the second type the mother controls the purse, makes purchases and either economizes, wastes or spends judiciously, as may be. In the third type, the income is considered as a family fund, each member of the family entitled to his just share with distinct obligations in regard to its wise use and with definite responsibilities as to the production, extension or saving of the income itself.

It is not desirable here to enter into a discussion

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of the merits of these methods of family finance, but the following conclusions may be of value to parents who are trying to solve the problem in the best way, with justice to themselves and their children. There will be many who will disagree with me; there will be others who will agree unwillingly, because loath to make the effort necessary to carry out the suggestions.

Aside from the financial independence which they gain, children who have been taught at home something of the responsibilities attendant upon the wise spending of their money prove to be better able to direct their own actions in other ways. The aim of each home where there are children is to create the beginnings of other homes. The children should therefore receive the training and experience which will later make it possible for them to assume successfully positions as heads of households. This should involve experience in the spending and perhaps in the earning of money, in order that they may realize not only its possibilities but its limitations. Experience alone gives ability to judge of the real value of things purchased and power to discriminate between the worth-while and the useless.

Joy in spending for spending's sake appears to be inherent in most children. Joy in spending be-

SPENDING THE FAMILY INCOME

cause of the value of the return is usually the result of having lived through periods of famine which have followed reckless spending. To the thoughtless child, food and clothing, the conveniences and comforts of the home, even the home itself seem to be a part of the day's routine, like the air and the sun. He does not realize that money comes only as a result of the expenditure of strength and energy on the part of some individual, and that the goods purchased with it should be of sufficient worth to justify the spending of that part of some one's life which is represented by the money. In the family with a comfortable income, the everyday things of life appear, are used, and the supply renewed; to the child this occurs without effort, except that which is involved in a telephone message, a walk to the store or a request to father. Providing even the everyday necessities means the expenditure of life itself, and this should be taught each child while in the home. Many parents allow their children to continue in this belief that all necessities will be provided as a matter of course until the moment when circumstances throw the child upon his own resources. Then the world wonders at his failure to see clearly, to measure values accurately and to play fair in the game of life. The circumstances which bring about the change may be

THE CHILD'S INCOME

financial difficulties in the home, different school life, the beginning of a business career or marriage. The cause does not alter the result, and the child, hitherto carefully kept from all real knowledge of the difficulties connected with the wise spending of money, is suddenly faced with problems so complex that one wonders that there are not more who fail to solve them correctly.

It is a fact that to many children an allowance "is the money which comes regularly." The rest of their money they get for the asking, as one of them naively expressed it, "Of course, if I can't make that go through the month, and I never can, father gives me more. Extras I get from mother." She was much surprised when asked if she had ever tried to make it last through the month. Why make such an attempt when no one expected it of her! Too many children feel that when the money in hand is gone, more may be had for the asking; that when their allowance is spent, they may overdraw, and that father and mother are a source of supply, the limit of which is dependent only upon their mood at the moment, or the method of approach in time of need. Such an attitude toward money breeds selfishness; it tends to make a child thoughtless and in the end helpless in the face of actual necessity. The familiar argument, "My

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child will never need for money," will not excuse the negligence of such parents. The fact remains that many men and women have lived through helpless, hopeless years of financial anxiety because their parents fondly believed that they would be protected from all money difficulties. How much more sure of happiness are the children taught by their parents to spend wisely and to conduct their affairs in a businesslike way.

Money is of value only because of its purchasing power, and that power should be used to the best advantage and for "things" which are good. The knowledge that money may buy happiness, health, education, comfort, luxury or equipment for the individual; or development of resources, industry or health for the community, and that the spender has a duty toward the world as well as toward himself should be given to each child.

We are all familiar with families where some one member absorbs more than his just share of the income. This may be excused if it is for a short time, in order to meet an emergency caused by the demands of illness, education or business, but when such unequal division of the income continues beyond the emergency, it is usually because the parents are thoughtless and have allowed themselves or their children to become selfish.

THE CHILD'S INCOME

The child who understands something of the effort which it has required to produce the family income and is familiar with the number and scope of the demands upon that income will be far less inclined to make selfish or thoughtless requests for money than the child whose only idea of money is that his father has plenty and will give it to him if he asks at the right moment.

In every home two business principles should be emphasized; the expenditure must not be greater than the return, and the expenditure should not be more than the ability to pay. The teacher of children from families with comfortable incomes is often appalled by the ignorance of the children in regard to the value of money, of personal belongings and of the property of others. Last winter a girl of fifteen was heard to say, "I have carried this gold piece around all day. I might as well spend it here as anywhere. How much are your watch bracelets? . . . "No, I don't especially need one, but I might as well spend the money now. It must be spent." Children should be taught that to spend less than they have is a virtue and not a fault.

Parents have many excuses for not entering seriously upon the question of children's finances, and following are some of the most frequently re-

SPENDING THE FAMILY INCOME

peated objections which are heard from parents who feel that they are doing their best for their children:

“Children do not realize the value of money.” Childhood is their time for learning to realize. They should be given a definite sum from which they must provide for their needs and pleasures, and then held to their responsibility in providing these things.

“Children do not know how to plan and the money will be spent unwisely.” There is no better time to learn than while in their parent’s home. Advice should be offered freely, but the decision should be left to the child and the child should suffer the penalty of a wrong decision. To be sure, other members of the family sometimes suffer with the child, but that helps teach another lesson.

“It is easier for me to make the purchases and pay the bills, and my judgment is better.” It would be easier to let some one else have the children and bring them up, but since the parents have chosen to assume the responsibility, the question should not be one of ease for them but of the best development of the child.

“I have so little money I can’t afford to let him make mistakes.” One mistake will not be fatal,

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even though it means that the child goes without some article which is, according to the parents' idea, a necessity. The subsequent self-denial or embarrassment will teach their lessons far more effectively than any number of wise purchases which a parent makes for a child. If the necessary stipulations are made as to suitability for weather, so as to protect health, the choice as to style, color and quality may well be left to the child, *after* the question has been thoroughly discussed. There will come a time when this discussion will not be necessary. In the beginning it is. As well set a carpenter to build a house without knowledge of your needs as to ask a child to buy clothes without discussion of the conditions which must be met.

“While they spend my money, I mean to direct the spending.” The everlasting ego which claims all virtue and is not willing to share anything of its advantages except with all *credit* for the result!

“I wish my family to be dependent upon me.” Again the egoist who enjoys his benevolence and feels, like the slave-owner of old,—“These are my people. I can force them to do my will because I hold the power of life and death.”

“I am willing to give my children an allowance,

SPENDING THE FAMILY INCOME

but \$ a year is too large a sum for any boy or girl to spend, and they will not be satisfied with less." That father or mother should estimate very carefully what it has cost to provide for the child during previous years. An inexperienced child should not be asked to live on less than his parents, with their experience, have required for the child's needs.

"My children will spend foolishly if I give it to them to spend." Not many times, if no additions are made to the original amount. If, when they have spent foolishly, children must go without, they will soon learn to spend more wisely.

"It costs me more in the end, because there are so many things I want them to have that I spend a lot extra for them." That is then the fault of the parents and not of the children, and it deprives children of the opportunity to form character by choosing and acquiring the things they think worth-while.

"If I give them an allowance, they spend it for useless things, and their clothes are not up to the standards which I have always set for them." With experience they will outgrow that, *provided* the allowance is made large enough so that they can maintain the old standards; and if by chance they grow to feel that some other things are more

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worth-while than "clothes according to the family standard," there is then opportunity to discuss and compare standards, always remembering that children have a right to their individuality, and that so long as they are willing or compelled to consider the prejudices and preferences of their parents, they are entitled to opportunity to choose in directions where the welfare of the family or of society will not be affected.

The following rules for children's finances are not new but are compiled from many sources:

Each child should know what it costs to live, and should contribute toward his share by work or by saving. Include the older children in the family council. Let all share in the family efforts to save and to spend wisely.

Careful estimate of the necessities in clothing, education and recreation should be made, and the child should be given an income based upon his needs and the parents' ability to provide for them. This sum should not be increased except when both parents and child realize that it is no longer large enough to meet the needs of the child's life.

A plan for spending should be made by the child, discussed with the parents, and advice given as to special purchases.

SPENDING THE FAMILY INCOME

An account of expenditures should be kept and discussed with the parents, and later plans should be based upon this study.

Final decisions should be made by the child. Deficits should not be met by the parents.

The reasons for saving, giving, and education should be emphasized in every discussion, or the child will grow up with the idea that personal expenditures for clothing and pleasure are his only financial responsibilities.

Responsibility should begin with small things and increase with the growth of the child. Responsibility and education should be parallel.

Give a child opportunity to add to his income by earning. Do not pay for every service, but if there is some thing to be done which otherwise must be paid for, hire the child to do it and pay according to the quality of the work done.

Teach that care of property saves money as definitely as going without an ice-cream cone or afternoon tea.

Teach that money saved should be put to work; that going without marbles in order to spend the money for soda is not really saving. Saving should mean putting money where it will accumulate until it develops power to purchase something more worth-while in the future.

THE CHILD'S INCOME

Teach every child to plan so that he may
spend

Something for saving;

Something for giving;

Something for needs;

Something for growth;

Something for play.

CHAPTER XIV

STUDENT'S INCOME

It is exceedingly desirable that the student, as well as the business woman, should begin the expenditure of her income with saving. Students who feel that their incomes are so small that they cannot save on them should realize that they are in school for the purpose of receiving education to fit them for living — that living in the world will require that they handle money — that without experience in careful and intelligent spending of money they will go into the world unprepared to meet its problems and will spend time later in gaining necessary experience when they should be able to avail themselves of knowledge gained during school life. If, by force of circumstances, every cent available *must* be spent, the habit of saving may be acquired by putting aside a definite amount each week toward some fixed charge which will come due at a future date. The habit, once gained, of spending to the limit of one's possibility is hard to break, and instead of burdening one's self with a bad habit which must be broken, it is

STUDENT'S INCOME

well for the student to acquire a good habit which will make living easier and more successful with far more immediate opportunities to be of real service in the world.

Students who are living on very small incomes will find that planned expenditures bring better returns than haphazard or hand-to-mouth purchases. No matter how small the student's income, if it is possible to make it cover expenses at all, it will cover them more fully if a definite plan is made.

When the spending plan, or budget, has been made a graphic circle will show him more clearly than figures whether he has apportioned his money wisely or not.

When all of his expenses are paid by the student, the red division of the circle¹ will represent the money paid for education; the violet division, the money spent for board; the yellow division, money spent for operating; the blue, for clothing; and the green the money spent for development.

When the board, tuition and doctor's bills are paid by other people and not taken out of the allowance of the student, the circle should be divided into five equal parts as before, one part represent-

¹ See Chart, VIII page 119.

SPENDING THE FAMILY INCOME

ing education, one part operating, two parts clothing and one part choice or development.

Board includes the amount spent for room and meals.

Education includes expenditures for tuition and extra class fees, when paid by the student, music, etc., books, supplies and transportation to and from school.

Clothing includes all new ready-made clothing, all materials, cost of making and cleansing and repairing.

Operating includes personal upkeep (toilet supplies, hairdressing, etc.), postage, stationery, laundry and miscellaneous carfares.

Development includes expenditures for religion, philanthropy, health, social life, dues and personal extras.

Social life includes expenditures for recreation, entertainment, theater, "functions" and personal gifts.

Dues includes club and society dues, contributions to school projects, etc.

Health includes doctor's, dentist's or nurse's fees, medicine and also the cost of preventative measures.

Extras includes extra food, candy, flowers, personal equipment, etc.

STUDENT'S INCOME

It will not be possible for most students to divide their income into five equal parts and keep to that definite distribution, but such a division gives a starting point from which changes may be made. As a preliminary step it is well for the student to make a list of all the fixed charges against the income. By fixed charges is meant regular fees and definite demands, such as tuition or other class fees and transportation to and from school, the amount of which is fixed at the beginning of the school year and which will be unlikely to change with the progress of the term.

A second list should include charges which it is possible to estimate, such as laundry, contribution to school projects, regular expenditures for manicures or hairdressing.

A third list will include charges which it is necessary to limit, that is, the amount which may be spent for recreation, entertainment, personal gifts and personal extras, etc.

When the estimates for all three lists are made, they should be separated into the proper groups and very carefully checked up with the fifth of the income allowed for that group. It will be found that some groups require more than their fifth and some groups less, but if the total of the operating group and the items under choice exceed the

SPENDING THE FAMILY INCOME

amounts allowed, a mistake is being made in planning.

It is quite probable that the allowance for clothing will exceed the fifth of the whole, and when board and tuition are not paid for by the student, clothing expenditure is likely to exceed two fifths, especially if the allowance is a small one. A thoughtful examination of the circle will show whether it represents well-balanced expenditures, and careful following out of the budget plan, with study of the results as shown by the accounts, will soon teach a student to recognize poor budgeting and to take advantage of the mistakes of one year to improve expenditures for the next. A poor budget is better than none and a second budget which is not an improvement upon the previous one shows that the person making it has not approached the matter with serious intention to spend wisely and to take advantage of opportunity for progress.

Item and Date	Total Received	Total Expended	Education		Board and Room	Operating			Clothing	
			Tuition	Books		Laundry	Personal Upkeep	Sundries	New	Repairs and Cleansing

CHOICE OR DEVELOPMENT

Religion	Philanthropy	Social	Dues	Health	Extras

Explanation:

Tuition: Regular fee, extra class fees, transportation to and from school.
 Personal Upkeep: Manicure, hairdresser, shiner, toilet supplies, etc.
 Social Life: Recreation, entertaining, personal gifts, etc.
 Dues: Club and society dues, contributions to school projects, etc.
 Health: Doctor's fees, nurse's fees, medicine, expenses which may be necessary to prevent ill health.
 Personal Extras: Extra food, candy, flowers, personal equipment, etc.
 Sundries: Postage, carfares, stationery, etc.

SPENDING THE FAMILY INCOME

The Use of the Loose-Leaf Distribution Sheet and Account Book for Students

Use the top space for General Headings; the unlined space for sub-headings under which all expenditures are to be distributed. At the bottom of the page reserve three lines for

Totals —

Planned —

Difference —

If bills are paid by check, write in the broad column the name of the person to whom the check is drawn, with date and check number. If paid in cash, keep a record in a small cash book, and each week transfer the totals for the week to the distribution sheet, or enter each expenditure directly in the book, distributing it at once. To prove the account, the sum of the totals of all the distribution columns should equal the sum of the total expenditures, while the total expenditures plus the balance in the bank should equal the total received. When the budget estimates are written at the foot of each column on the line below the totals and the two are compared and the difference noted on the next line, the student can easily estimate the amount of surplus which exists in any one division to cover later necessary expenditures.

STUDENT'S INCOME

The headings used are suggestive only and may not all prove necessary for some students, while others will require more details. When the headings are decided upon, it is desirable that all sub-headings should be carefully grouped under the main headings and a copy of this kept in the front of the distribution book, so that like expenditures will be distributed under the same heading throughout the year.

CHAPTER XV

— THE TIME BUDGET —

The householder who cares for his own garden or lawns and the housewife who adds to the possibilities of the income by doing the family sewing, housework or laundry are adding to the actual income just as surely as if they did work outside for which they were paid. The children who share the work of the house and thus reduce the amount of paid service necessary are adding to the value of the income. The money expenditures of such a family may easily be less than those of a family where all this work is accomplished by paid service. This fact should be recognized, the value of such service should be estimated carefully and the results used in any comparisons made, with a view to determining whether a certain expenditure is justified or not.

It has not seemed wise to include the money value of such service in the total income and thus make it necessary to charge it off in the operating expense, or cost of clothing or entertaining. Such

THE TIME BUDGET

a procedure would only complicate the bookkeeping and make it more of a bugbear to the inexperienced. The author, however, does not mean to deprecate the value of such work, the additional possibilities which it offers for ease in the use of the income or the need that every member of the family should recognize the fact that such work does add to the real income. Where there is a question of choice as to work outside the home which will bring visible addition to the income, and work inside the home which seems futile because the return is less tangible, the matter should be carefully discussed, and a balance drawn which shows the condition exactly, before the decision is made.

It is impossible to place a money value upon the presence of the mother in the home and the spirit of the service which she gives, and it is difficult to judge of the real value of outside work to obtain additional income if one honestly faces the fact that such work means partial withdrawal of the influence of the mother from the home life.

Because of the money value which may be placed upon the time of the housewife, it is especially desirable that the time devoted to planning, sewing and housework should be carefully budgeted, and that the less important things should wait for the

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essentials; comparisons must be made and the real value of each kind of work estimated. If this is done, mothers will spend less of their time on unnecessary sewing, ironing and elaborate cooking and devote more time to the enjoyment of family recreation, study and exercise.

Where there are children, it is desirable that each should be given a part in the work and care of the house. No matter how much paid service is available, every member of the family should have a share in making the home a comfortable living place. This should be planned so that it is evident that the failure of any individual to perform his share of the work reacts directly upon the comfort of other members of the family. Such a plan makes for unity of family life and gives the children a sense of citizenship within the family which will later tend to make a better, more responsible citizen in the community, while selfish dependence upon either one or both of the parents must tend to develop a feeling that the world, as well as the home, owes him a living, and that his responsibility for others is nil. It is then a part of the work of the housewife to plan the duties for the rest of the family, and any budget of her own time must recognize the fact that others are involved.

When work has to be done, it is desirable that

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nothing should be crowded out or attended to hurriedly because forgotten or neglected for less important things. Plan the time so that as much as possible may be accomplished and leave undone only those things which can wait. Divide the time in such a way as to allow for work, rest and play, — otherwise the quality of work will suffer. Failure to play means that work becomes drudgery. Failure to rest means that work becomes forced and is poor.

To Make a Time Budget

List the important things to be done, with the time each will take.

Arrange in order.

Allow time enough for interruption, but not time enough to work lazily.

If not interrupted, time will be gained. Use this for less important work which it had seemed possible might be obliged to wait until the next day.

Plan time for rest and play and use it as planned. When, as often happens, a worth-while interruption prevents, make up for it later. Make the programme of work flexible.

A daily programme should include:

A list of routine work in the order in which it is to be done.

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Hours for special work.

A weekly programme should:

Allow time for routine work.

Specify special work for each day.

A season's programme should include:

Special work planned by weeks.

In each programme there should be free time for meals, rest and play. By the use of a time budget it should be possible to cover the greatest amount of work without excessive strain or fatigue; to give the right proportion of time to each task; the right value to essentials; to eliminate unnecessary details; to lead a better balanced life, with work, play and leisure each given due consideration. A housekeeper running her house on a businesslike plan should provide a daily and weekly programme for her maids as well as for herself and members of her family. A monthly or season's programme for herself will serve as the basis of changes in the other plans. It is desirable that the people who are to do the work should have some part in making the plan, and coöperation in this will bring far better results than offering an arbitrary programme and insisting upon it, without regard to the personal preferences of the worker.

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Example of a Time Budget

DAILY — ROUTINE WORK

Put living rooms in order
Prepare and serve breakfast
Kitchen and bedroom work
Special work of the day
Prepare and serve luncheon
Clear table, leave dining room in order
Wash dishes, leave kitchen in order
Rest
Sewing, marketing, exercise out of doors
Prepare and serve dinner
Clear dining room and attend to dishes

Time allowed for each process depends upon individual

Time must be allowed and fitted in to programme for care of children or other special duties

WEEKLY — SPECIAL WORK

Monday	Attend to laundry and put house in good general order
Tuesday	Wash and iron special pieces not sent to laundry
Wednesday	Clean bedrooms. Give special care to bathroom
Thursday	Clean silver and put pantry in order
Friday	Clean living rooms and halls. Weekly mending

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Saturday	Preparation for Sunday meals. Count and put away clean clothes. Special dusting
Sunday	Necessary routine work. Rest. Social life with family

SEASONAL OR MONTHLY

January	Sewing, replenishing household supplies
February	Clean book shelves, closets, etc.
March	Clothing inspection and plans for summer clothing. Repair and refinish screens
April	Sewing for summer. Remove storm windows and put in screens.
May	Putting away winter clothes. Take down furnace pipes and clean the furnace
June	} Out of door life. Canning and sewing
July	
August	
September	Plans for fall and winter clothing. Canning vegetables Put furnace in order for the winter
October	Special cleaning of rugs and paint. Pack away summer clothing. Air closets, etc.
November	Preparation for Christmas. Put on storm windows and doors
December	Christmas preparation

This list is suggestive only; no attempt has been made to make it model or even entirely complete,

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as no two housewives would be able to follow any one budget exactly. A similar programme may be adapted to the use of a housekeeper, working with or without the help of other members of the family, or it may be adjusted to the needs of a housekeeper with one, two or three maids.

CHAPTER XVI

LISTS AND INVENTORIES

The housekeeper or individual with an instinct for business form will naturally fall into habits which follow somewhat the procedure of a business office. Lists, inventories and card catalogue data will accumulate according to the degree of business ability or "feeling for system" which is her portion.

The time budget of our grandmothers included a very definite apportionment of the work of the home among the members of the family. Each day had its especial work and each season its list of household activities assigned to it. These time budgets were seldom written out but were no less hard and fast on that account. The time budget of the present day includes a different set of duties and they are less positively assigned to the day or month, but the housekeeper who is businesslike has her list and endeavors to plan her time to advantage.

The food budget is more important now than ever before, except during the late war. It is becoming more and more necessary to spend the

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money available for food to the best advantage in order that the family may be well fed, which means that they should have an adequate amount of food of satisfactory quality, so chosen as to provide not only sufficient nourishment but enjoyment and interest.

The supply of household linen should be replenished by a regular and definite system. If small additions are made each year, according to a plan, there will be no season of dismay when suddenly every tablecloth is frayed and every sheet is worn thin. Definitely planned additions to the stock of household linen will prove far less of a strain upon the income than the hit-or-miss buying which is frequently dependent upon the force with which one feels the blow when the hem is stripped from one of the last good sheets in the supply.

There are people who revel in lists and in the home of such a person one may find inventories of the contents of the various closets, packing boxes and trunks. These are pasted in the tops of the boxes or fastened inside the closet doors and prove of value in tracing articles the first season after the lists are made; but when objects are found and removed for use, the lists become inaccurate. The orderly soul of such a housekeeper dislikes to cross off the list the articles removed; "They will go back

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there when their time of service is over; why spoil the fair appearance of the card?" Some add cryptic marks to indicate that certain articles are temporarily out of bondage and later plan to add further signs to indicate their return; but few housewives carry a pencil and fewer still remember to attach one to the storeroom door or cover of the packing case. It is easy to think that memory will serve, — and suddenly every list is inaccurate, none are up to date, and once more the weary hunt is on for last summer's underwear or last winter's overshoes.

Another type of mind finds delight in a card catalogue of all the family possessions, with notes on each card something as follows:

Article		
Acquired	Cost	
Kept in	Remarks	

This is a most satisfactory system if kept up to date, if the places for storing are never changed without a like change on the card, and if the cards referring to articles worn out or given away are culled from the box.

Most helpful to many women are the cards which give addresses of workmen, household assistants and tradesmen, — in fact, all sources of supply;

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other cards with recipes, short cuts in housework, "hints to handy housewives" and antidotes for poisons. I have always hoped I would have my cards under my arm when I swallowed a corrosive sublimate tablet instead of aspirin. There are lists of common poisons and their antidotes for the medicine-closet door; lists of the medicines contained there and the particular reason for their presence; lists of callers, their days at home, the date of their calls and the dates when they were returned; lists of books owned, borrowed and to be purchased; lists of wedding gifts, — these do not become out of date and they serve several useful purposes beside being a fruitful source of reminiscence in later years. A card catalogue of the favorite dishes of guests and of their especial aversions in food is said to be of inestimable value in making them feel well cared for during future visits; menus successfully served or enjoyably participated in with suggestions for table decorations; games and hints for especial holiday celebrations, — all assist the would-be hostess in solving her problems.

Lists of gifts made and received, a card carried in the purse giving the sizes and makes of underwear, collars, socks, etc., worn by the men of the family, and the clothing sizes and needs of the

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different children assist the shopper and often make possible the purchase of a real bargain. The financial records for the family, names and other data regarding insurance policies, receipted bills, lists of charge accounts, organization dues, taxable property, investments, records of the storage of furs, the cost of jewelry or especial articles of clothing and house furnishings may be kept. A list of tire numbers with the speedometer reading taken on the date of purchase will prove of value in making tire adjustments.

Whether or not one is inclined to keep many of these lists and inventories, there is one which should be made for protection's sake and kept up to date. This is a careful inventory of furniture, bric-a-brac, personal belongings, clothing, etc., made with such minutiae of description and information as to cost that it will be accepted by insurance companies in case of fire or burglary. At least two copies of this inventory should be in existence, one kept permanently in a safe place outside the house and the other to be in the custody of the caretaker during the temporary absence of the owner of the property.

The housekeeper who is fortunate enough to have a desk which may be devoted entirely to the business of the home has opportunity for the use of

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many business forms which are impossible for the occupant of a house or apartment where desk space is not available. Bill files, letter files and card index boxes, record books, account books, boxes of pens, clips, elastic bands and metal fasteners, postal scales, stationery and pencils, gummed package and name labels are among the conveniences which offer temptation to the woman of systematic mind whether she has room for them or not, but usually only those who are trained to a sense of their value really make successful use of such material.

The possibilities of the card catalogue records are great but there is danger that the young and enthusiastic housekeeper will start a larger number of such records than she is likely to keep with any degree of accuracy. It is wise for each to select the type of records which she most needs and is sure of putting to continued use. A record which is not up to date, accurate and complete, is worse than useless, for its information is so misleading that its use will be likely to cause far more trouble and irritation than would result from the lack of any information at all.

With proper apologies for the addition of one more list to the many already extant, there is here given a number of lists which might prove use-

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ful. One must judge for one's self which would be likely to be of value in a particular case and choose according to individual needs.

Inventory of property

Inventory of investments; interest dates

List of insurance policies with dates when payments are due

Inventory of household furniture

Books and bric-a-brac

Clothing and personal belongings

Card Catalogue Lists

a. Social — Gifts given and received

Guest menus

Table decoration

Holiday celebrations

Games

Calling lists

Days at home

Calls made and received

b. Books — Owned, loaned, borrowed, to purchase, to read

c. Addresses — Friends

Telephone numbers

Workmen

Household assistants

Tradesmen

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d. Supplies — Furniture

Linen

Blankets

Contents of closets, trunks or
packing cases

Poisons and antidotes

Medicines

e. Food and Housework

Menus

Recipes

Amounts to buy

Price lists

Canned goods, special brands

Handy Hints to Housewives

CHAPTER XVII

QUESTIONS FOR DISCUSSION

Have we a living, a comfort or a luxury income?

Do we demand more luxuries than the size of our income warrants?

Are we demanding that our income shall provide living conditions according to our former standards, in spite of increasing costs?

What constitutes wise expenditure? Have we a plan for spending, or are we drifting?

Are we taking into account the money value of the woman's work in the home, or are we considering that the total income is represented by the money we have to spend?

Do we know just what caused deficits last year?

Do we know from last year's records what expenditures might have been curtailed in order to meet these deficits without affecting our standards, our health our happiness?

Is it possible to adopt a simple system which will prevent unwise expenditures and give a good basis for planning, so that we may either save money, release money for better uses or purchase things

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which are of greater value in themselves and give us greater satisfaction?

Shall the bills be paid from a joint checking account, or from an account held by the person directing household expenditures?

Shall we establish credit with a few reliable firms, or pay cash?

Shall the division of the family income be determined by the individual, by conference of husband and wife or by family council?

Standards for Saving

Have we definitely planned our saving so as to insure a known return, or are we saving carelessly?

Have we planned our savings in a way which will insure our independence in later years?

Are we saving all that we can without sacrificing health and efficiency?

Do we plan for our needs and count our saving as a need?

Do we save (according to our plan) before we spend for our other needs?

Are we *spending* for well being and *saving* before we *spend* for luxuries?

Do we remember that if we earn a little, spend less and save the difference, we will thus build up a

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fund which will serve as a basis for income in old age, for protection in an emergency and, if safely invested, will be a contribution toward the development of industry, thus making us a partner in the resources of the community?

Do we consider our savings from three points of view:

Emergency — have a savings-bank account;

Protection — carry straight life insurance; follow a carefully made plan of investments.

Education of children or home building — buy endowment insurance or shares in a coöperative bank.

Do we know what form of saving will best meet our need?

Do we know the real cost of our life insurance and the return in interest?

Do we realize that it is important not only to save, but to decide how much and how, and the wisest way to invest our savings, and then to follow our plans systematically?

Standards for Shelter

What conditions in shelter are necessary to safeguard the health and comfort of our family?

Have we children, old people or invalids in the

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family to be considered when we choose our shelter?

What must we demand in:

- a. Location? City, country, town, suburbs?
- b. In type and size of house? House or apartment? Large or small rooms? Number of living rooms? Number of sleeping rooms? Number of bathrooms? Size and condition of kitchen, pantries, storeroom, cellar? Kind of sanitation, drainage and water supply? Safe construction or elaborate finish? Sunshine, light, space? Grounds, backyard?
- c. In type of neighbors?
- d. In possibilities of education and social life?
— Schools, churches, community?

In choosing our shelter

Have we considered the children our children must play with?

The social conditions our children must be a part of?

Are we paying more carfare than we should afford?

Do we keep in mind the fact that the cost of shelter includes not only rent but carfares to business and schools?

When we selected our shelter, did we consider the cost of operating the house before we made our

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decision? The cost of heating or lighting one house may be much more than the cost for another of equal size and rent, but less well planned and built.

Do we know why we hire instead of owning our own home?

Standards for Food

Do we spend our food money for return in nourishment and health, or for satisfaction of appetite?

Do we judge the worth of food by its cost, by its use in the body or by its flavor?

Are our food standards higher than our income warrants?

Are our meals too elaborate with too many courses, too much meat, too many rich desserts, too expensive and out of season foods?

Have we simplified buying, cooking and service as much as possible, without sacrificing the health and comfort of our family?

Do we consider milk as the basis upon which we should plan our meals, or do we count meat as the central food? Do we use enough milk?

What can we omit from our diet in order to purchase the amount of milk and fruit and leafy vegetables which it is desirable for our family to eat?

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Standards for Operating

Have we analyzed our housekeeping expenses? Do we know whether we are spending minimum or maximum amounts for operating?

Are we adding to our housekeeping or operating expenses by living in a fashion more formal and with more expensive details than is consistent with the kind of house and the quality of food and clothing which we are able to provide?

If so, is this done on account of the health of some member of the family, or because we fancy that business reasons make it necessary, or have we drifted into a careless attitude toward operating expenses?

What are our standards

For Service — regular service, “outside help,” laundry done?

For Heat — hot water, hot air, steam or stove heat?

For Light — electric, gas or oil light?

Do we waste water through neglect of dripping or leaking faucets or by careless use of running water?

Are we careful to use lights only when we need them?

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Are we particular not to use electric bulbs with more wattage than is necessary?

Are we careless with our gas for cooking?

Do we control our fires so as to conserve the coal, or are we careless with the dampers?

Do we know what size of coal is best adapted to our stove or furnace?

Do we coal our range with a shovel or pour the coal from the hod?

Do we keep our fires at the top of the lining or waste coal by filling the fire-box too full?

Do we *clear* the ashes from under the grate?

Do we keep the flues clean?

Do we clean the heating surfaces from soot?

Do we know what our laundry costs are for labor, food, utensils, material, wear and tear?

Could we reduce the laundry by care in use of towels and bedding and unironed sheets? By the use of untrimmed, seersucker or knit underwear? By economy in the use of table linens — the use of doilies and runners in place of tablecloths?

Do we have unnecessary telephone service?

Standards for Clothing

Do we make our purchases for the family according to a definite plan, after study of our income; do we decide the amount of money it is right

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for us to spend and the especial needs of each member?

Do we think of suitability, serviceability and cost, before buying for the family?

What kind of underclothing shall we provide, — knitted, seersucker or muslin? Trimmed or plain? Economical or luxurious? Light weight or heavy? Does our underwear allow freedom of motion?

Do we know something of the durability, fastness of color, effects of laundering, amount of sizing and shrinkage of materials before we buy?

Do we consider all the social functions for which clothing must be used, or do we buy for one occasion which is not likely to be repeated?

What are rational requirements in the style of a suit, dress or evening gown? Does our clothing meet these requirements?

Making. What is the best plan for us? To buy ready-made garments or to make at home all or a part of them; machine or hand sewing; new garments or remodeled? Dressmaking at home or outside?

Home care. What kind of laundry work is possible for us? Do we buy our clothing with that in mind?

Do we prolong the life of the clothing by dry

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cleaning, dyeing, retinting with soap, careful darning and mending, removal of spots and stains?

Do we have clothing washed or cleansed at once, or let it hang with dirt and dust on it?

Do we pack garments away carefully, or leave them to hang during long periods of time when they are not to be worn?

Standards for Development

What are our standards for our children and for adults in the family in Health? Travel? Recreation? Philanthropy? Education? Culture? Social Life? Vacation? Gifts?

Are we allowing our money for development to be frittered away for small purchases which are of transient worth, or are we spending our margin for those things which will remain of value in the home or in the mind?

Is our family life well-balanced, with opportunity for work, sleep, play and culture?

If we believe the church is a desirable institution in our community and wish it to continue there, have we a duty toward its support?

Do we plan for service to others, through philanthropy and social intercourse, or by sharing time, money or strength with those in need?

Do we keep our social life on the right plane at a

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cost which is consistent with other expenditures?

Are we growing by accumulation of things or of ideas?

Are we spending more for luxuries than we are saving?

Are we buying luxuries on the installment plan, or using our savings to purchase or support luxuries?

Do we remember that luxuries should be purchased from current income or from a special fund saved for the purpose but never from regular savings?

Are we procuring from our income a reasonable amount of health, happiness and comfort?

Are we buying ability to work happily?

Is our home producing efficient citizens?

Money Standards for Children

Are we giving our children a regular income in order to teach them the possibilities of saving, the limitation of money, the responsibility of spending and the joy of giving?

Are we teaching our children how to spend wisely, or are we allowing them to develop careless habits in spending?

Are we giving them responsibility in regard to the spending of money and *holding them to it?*

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Are we ready with advice and help in regard to spending, showing an interest in the children's successful use of their money, or do we merely scold them for their failures?

Do we give our children complete freedom in the final decision in spending, allowing them an opportunity to learn by experience that foolish spending brings its own punishment?

Do we encourage the saving of small sums with some regularity? Do we put a premium on judicious use of money and a penalty on careless use? If we have a system of fines for habits of carelessness, wastefulness and untidiness, have we also a system of rewards for corresponding virtues?

Are we teaching our children that saving small sums will develop greater purchasing power, or do we allow them to believe that only older people have a duty toward saving?

Are we teaching them to measure the real value of an expenditure before they make it?

Do our children realize that the cost of family life is increased by each additional member of the family; that each individual has a duty toward the family income; that each individual has a duty toward community interests and should make his own contribution toward their support?

Do we consider that each member of the family

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should realize the cost of his living and contribute toward it, either by wise planning, by service, by wise use of materials or by saving?

Do we realize that the best time to learn how to plan, to buy and to use is while the child is in the care of the family, when mistakes will not be serious?

Do we teach our children that they should spend not to gratify whims, but in accordance with a plan which provides

For saving. For needs. For giving.

For play. For growth.

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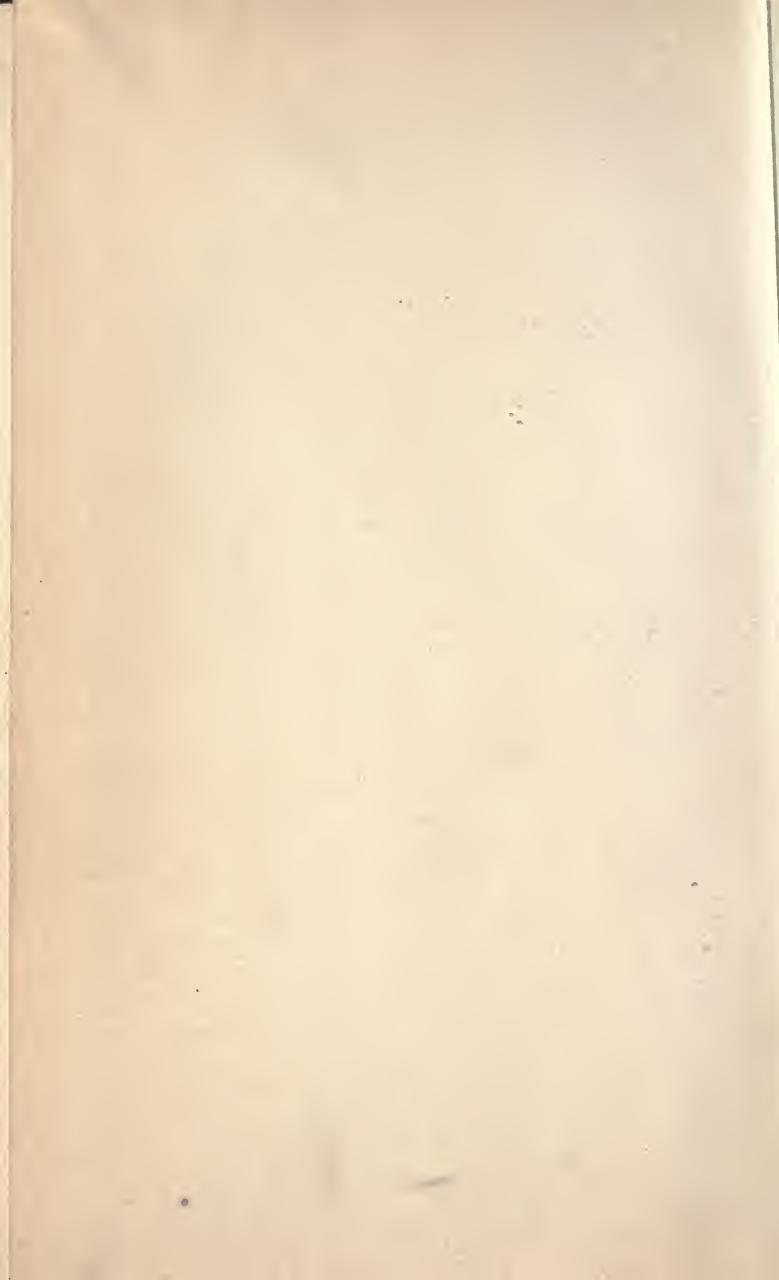
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